

**Performance Audit
Liberty Memorial Restoration**

April 2001

**City Auditor's Office
City of Kansas City, Missouri**

April 24, 2001

Honorable Mayor and Members of the City Council, and Members of the Board of Parks and Recreation Commissioners:

We conducted this audit of the Liberty Memorial restoration project to assess accounting controls over the use of restricted sales tax money and the Parks and Recreation Department's decision-making processes throughout the Liberty Memorial restoration project. We undertook the audit due to concerns raised about the use of sales tax money and whether the new museum design would harm the historical integrity of the Memorial.

The Parks and Recreation Department's accounting methods do not ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance and public vote. While the City Council explicitly rejected sales tax money to fund the museum expansion, the Parks and Recreation Department put the project out for bid in a way that could not separately identify restoration costs. The department's cost allocation method, developed after the contract was awarded, is too broad and shifts substantial amounts of museum expansion costs to restoration. We are unable to determine the specific amount of this shift because bid documents and contract specifications do not separately identify restoration work and associated costs.

The Board of Parks and Recreation Commissioners has taken steps that should protect the historical integrity of the Liberty Memorial. The Board hired an independent architect to review plans, expanded the design review committee to include preservationists, and executed a memorandum of agreement with the State Historic Preservation Officer. The state is continuing to monitor the project, including monthly site visits. However, the department's process to plan for restoration and museum expansion was backwards: the museum design proceeded without public discussion regarding the need for a museum and what it should cost to build and operate; restoration was deferred while the department focused on the new museum; and the department did not develop a credible business plan for the expanded museum before moving ahead with the project.

We recommend that the director of Parks and Recreation develop a cost allocation plan and reimburse the sales tax account for expenditures improperly spent to prepare for a new museum shell. We also recommend the director move ahead with plans to develop a credible business plan for the new museum. The director of Parks and Recreation should engage the Board, mayor, and City Council in an open public discussion about whether to build the museum and how to fund its operation. The Liberty Memorial is a major community asset with significant symbolic value. The mayor, City Council and public should be fully involved in decisions regarding its use.

We provided a draft report to the director of Parks and Recreation for review and comment on March 27, 2001. His written response is included as Appendix C. The city auditor's comments regarding the director of Parks and Recreation's response are in Appendix D. We appreciate the courtesy and cooperation of Parks and Recreation Department staff throughout the audit. The audit team for this project was Douglas Jones, Sue Polys, Joan Pu, and Amanda Noble.

Mark Funkhouser
City Auditor

Liberty Memorial Restoration

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Liberty Memorial Restoration

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Introduction

Objectives

We conducted this audit of the Liberty Memorial restoration project pursuant to Article II, Section 13 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties.

A performance audit is an objective, systematic examination of evidence to independently assess the performance of a government organization, program, activity, or function. Performance auditing is intended to provide information to improve public accountability and facilitate decision-making.¹ This audit was designed to answer the following questions:

- Do the Parks and Recreation Department's accounting processes ensure that sales tax money is spent only for restoration and maintenance as required by ordinance?
- Has the Parks and Recreation Department followed a process to ensure that the planned museum expansion will not harm the historical integrity of the monument?
- Has the Parks and Recreation Department developed a business plan to ensure that general fund operating subsidies will not be required to operate an expanded museum?

Scope and Methodology

This audit focuses on accounting controls over the use of restricted sales tax money and the Parks and Recreation Department's decision-making processes throughout the Liberty Memorial restoration project. We do not assess contractor compliance with contractual agreements or the city's compliance with Missouri Development Finance Board or state and federal grant requirements. We conducted this audit in accordance with generally accepted government auditing standards, except the City

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 1994), p. 14.

Auditor's Office has not undergone an external quality control review within the last three years.² Our audit methods included:

- Interviewing city staff, contractors, and subcontractors.
- Interviewing members of the Board of Parks and Recreation Commissioners.
- Reviewing invoices and payment documentation.
- Reviewing transactions on the city's financial management system.
- Contracting with KPMG to help develop criteria for evaluating financial controls and to review our audit work related to accounting processes.
- Interviewing three representatives of area foundations about fundraising.
- Interviewing four members of the design review committee.
- Reviewing the minutes of the Board of Parks and Recreation Commissioners meetings from 1990 through January 2001, project studies, contract documents, Council resolutions and ordinances, and other documents.
- Compiling a timeline of the Liberty Memorial project to identify decision points.

No information was omitted from this report because it was deemed privileged or confidential.

Background

President Calvin Coolidge dedicated the Liberty Memorial in 1926. It was intended to be "a monument plus a building, not for utilitarian purposes, but to house trophies of war with other matters closely related thereto."³ Construction began in 1923, following public fundraising and a design competition. The Liberty Memorial, designed by H. Van Buren Magonigle, consisted of four major elements:

² The last review was in April 1995. An external review is scheduled for May 2001.

³ Liberty Memorial Association ballot, cited in Sarajane Sandusky Aber, *An Architectural History of the Liberty Memorial in Kansas City, Missouri 1918-1935*, Masters Thesis University of Missouri-Kansas City, 1988, p. 143.

- Shaft – the “memorial proper” that was designed to house an elevator and a staircase leading to an observation platform. Lights at the top of the shaft were intended to produce a flame effect.
- Frieze – carved in the North Terrace Wall bounding the Memorial Court.
- Memory Hall – listed the names of Kansas Citians who died in service in the war on bronze tablets and provided a meeting room for the Liberty Memorial Association and veterans organizations.
- Museum – originally conceived of as a “flag shrine” and place to store relics.⁴

The Memorial Court surrounds the shaft and is flanked by Memory Hall and the Museum to the east and west. Controversy about the memorial frieze, unforeseen geologic conditions, and cost overruns delayed completion of the memorial until 1935.

The Parks and Recreation Department closed the Liberty Memorial in 1994, due to structural problems beneath the courtyard deck. In 1995, the Board of Parks and Recreation Commissioners contracted with an architectural firm (ASAI) and developed plans to restore the memorial and build an expanded museum beneath the deck.

Legislative Authority and Funding

Section 2-467 of the Code of Ordinances establishes that it is the city’s responsibility to maintain the Liberty Memorial. In August 1998 voters approved an 18-month ½ cent sales tax to fund restoration and a maintenance endowment for the Liberty Memorial. The tax was collected between April 1999 and September 2000, and generated \$30 million for restoration and a \$15.7 million endowment for maintenance.

While use of the sales tax money was restricted to restoration and future maintenance, the Parks and Recreation Department proceeded with plans to build an expanded museum using funding from other sources. The department entered into a \$36 million construction contract in February 2000 for restoration and what the department terms “adaptive reconstruction” (preparing a building shell for the expanded museum). The total project cost, excluding the maintenance endowment, is now expected to be about \$74 million.

⁴ Aber, pp. 57-60.

Findings and Recommendations

Summary

The Parks and Recreation Department's methods to account for Liberty Memorial project expenses do not ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance. Although the City Council explicitly rejected sales tax funding for the expanded museum in May 1998, this restriction had no apparent effect on the department's project planning or management. The department entered into contracts for the project after the restriction was in place without requiring restoration costs to be separately identified. The cost allocation method the department developed after the construction contract was awarded is too broad and shifts museum expansion costs to restoration.

The Board of Parks and Recreation Commissioners' recent actions – hiring an independent architect to review plans, expanding the Design Review Committee to include preservationists, and executing a memorandum of agreement with the State Historic Preservation Officer – should protect the historical integrity of the Liberty Memorial. However, the process the department followed to plan for restoration and museum expansion was backwards because:

- museum design proceeded without public discussion regarding the need for a museum and what it should cost to build and operate;
- restoration was deferred while the department focused on the new museum; and
- a credible business plan for the expanded museum was not developed before moving ahead with the project.

The director of Parks and Recreation should develop a cost allocation plan to ensure that sales tax money is spent only for restoration and future maintenance, as required. The director should reimburse the sales tax account for Liberty Memorial sales tax money improperly spent for costs associated with the new museum shell. The director should also develop a business plan for the expanded museum that is based on realistic assumptions. In addition, the director of Parks and Recreation should engage the Board of Parks and Recreation Commissioners, mayor, and City Council in an open, public discussion about whether to build the museum and how to fund its operation.

Accounting Methods Do Not Ensure Tax Dollars Are Spent Appropriately

The Parks and Recreation Department's methods to account for Liberty Memorial project expenses do not ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance. Although the voters restricted the use of sales tax money in August 1998, the department did not plan to segregate the money before sales tax money was spent. Contract documents prepared after the vote do not differentiate the scope of work that is considered restoration from work done to prepare for museum expansion.

After the construction contract was awarded in February 2000, the department developed a cost allocation method based on the footprint of the original structure. The allocation method is the fundamental framework for properly accounting for sales tax money. The Parks and Recreation Department's method is too broad – allocating almost all costs under the deck to restoration. Preparing for the museum expansion requires additional work, including removing and replacing about 40 percent of the existing support structure as well as additional cutting, filling, grading, and foundation work.

The engineering firm's condition survey that the project is based on did not recommend replacing the existing columns. However, the Parks and Recreation Department has replaced the columns to make space for an expanded museum – if one is built. The financial impact of this decision is apparent because early project budgets indicated a substantial cost difference between repairing the Memorial and simultaneously creating a new space for the museum. The department should reimburse the Liberty Memorial sales tax money for expenditures for museum expansion.

The department should develop a reasonable cost allocation plan, for which existing accounting controls can monitor spending. Payments are reviewed and approved by more than one person and separate accounts have been set up to track project revenues and expenses. The maintenance endowment is in a separate fund.

Parks Developed Cost Allocation Method After Construction Contract Was Awarded

In 1998, the City Council and voters restricted the use of Liberty Memorial sales tax money to restoration and future maintenance. The Parks and Recreation Department did not develop a method to account

for the use of sales tax money until March 2000. Contracts and bid documents prepared after the vote contain no provisions requiring that work and costs associated with Memorial restoration and museum expansion be accounted for separately. After questions were raised regarding the use of restricted sales tax money, Parks developed an allocation plan based on the “footprint” of the original structure. The first three construction invoices, which were submitted after the plan was developed, contained no breakdown between restoration and museum expansion costs.

Use of tax money was restricted to restoring and maintaining the Memorial. The City Council and voters clearly intended to restrict use of sales tax money for this project. The ordinance as introduced provided tax money for two things: restoration and expansion. The Finance and Administration Committee added a third item: an endowment for future maintenance. However, the City Council amended the ordinance during its legislative deliberations and removed the expansion of the museum as a permissible use of the sales tax money, leaving restoration of the Liberty Memorial and funding an endowment to maintain the Memorial as the only lawful uses of the sales tax. (See Exhibit 1.)

Exhibit 1. Ordinance Language

Ordinance 980413	Committee Substitute for Ordinance 980413	Committee Substitute for Ordinance 980413, As Amended
Funding <u>restoration</u> of the Liberty Memorial	Funding <u>restoration</u> of the Liberty Memorial	Funding <u>restoration</u> of the Liberty Memorial
Funding <u>expansion</u> of the Liberty Memorial museum and its educational exhibits	Funding <u>expansion</u> of the Liberty Memorial museum and its educational exhibits	
	Funding an endowment for future <u>maintenance</u> of the Memorial and the Memorial museum	Funding an endowment for future <u>maintenance</u> of the Memorial and the Memorial museum

Sources: Ordinances.

Funding expansion of the museum was sought by the ordinance’s sponsor, but explicitly rejected by the council. In August 1998, voters approved a ½ cent sales tax “...for the sole purpose of funding restoration of the Liberty Memorial and an endowment for future maintenance of the Memorial and the Memorial museum.”

Restriction on the use of sales tax money did not change the department's project planning or management. The Parks and Recreation Department developed a preliminary design and concept for the museum expansion in 1996. These plans were not changed after the vote. The department said they would use grants or private donations to fund the museum.⁵

Parks made no changes to account for restoration and museum expansion costs separately following the Council's action and public vote. Legal restrictions on the use of tax money were in place 15 months before construction cost estimates and bid documents were prepared. However, contracts and bid documents prepared after the August 1998 vote did not require project consultants and contractors to differentiate work and associated costs for restoration from work done to prepare for museum expansion.

The project architect's contract was amended twice after the 1998 vote (February 1999 and April 2000). Neither amendment, totaling \$3.9 million, required the architect to separately identify work as restoration or expansion. The final construction cost estimate of \$36 million, prepared by another consultant in October 1999, does not separate restoration from expansion work.

The Parks and Recreation Department put the project out for bid in a way that could not separately identify restoration costs. The specifications provided to potential bidders in November 1999 summarized the scope of work as:

The project consists of the construction of Liberty Memorial restoration and adaptive reconstruction as shown on contract documents prepared by ASAI dated November 1999.

Work and materials required for restoration were not separated from work and materials required for museum expansion. The winning contractor's bid, dated January 27, 2000, is based on the contract specifications developed by Parks and does not break down any costs associated with restoration and adaptive reconstruction.

⁵ Chris Lester and Steve Penn, "Council Revises Proposal to Boost Mayor's Power; Liberty Memorial Sales Tax Also Modified For Ballot Issue," *The Kansas City Star*, May 15, 1998, p. A1.

The cost allocation method was developed later in response to questions about use of tax money. The Parks and Recreation Department developed a method to allocate costs after the mayor raised concerns in December 1999 that sales tax money designated for restoration had the potential for being funneled into museum expansion. The department developed an allocation method based on the “footprint” of the original structure. Project costs based on this method were presented to the mayor and Council on March 16, 2000. Parks staff told us that except for the new museum floor, work conducted within the footprint was restoration and work conducted beyond the footprint, such as the new entrance was adaptive reconstruction. There is no written document outlining the footprint methodology or how it is applied to project costs.

Even after Parks developed the footprint cost allocation, restoration work was not separately categorized for several months. We reviewed the first four invoices submitted by the contractor between July and December 2000. Costs were not categorized as restoration or adaptive reconstruction for the first two invoices. The third invoice included handwritten totals for restoration and adaptive reconstruction expenses, but not a line item breakdown. The fourth invoice includes a line item breakdown of costs. (See Exhibit 2.)

Exhibit 2. Construction Payments, July – December 2000

Request Date	Net Payment	Comments
July 26, 2000	\$1,473,542	No expense classification
September 5, 2000	\$1,205,203	No expense classification
October 25, 2000	\$1,825,513	Totals classified
December 8, 2000	\$2,864,986	Expenses classified

Source: Parks and Recreation Department.

Parks should have developed an allocation plan first. According to KPMG and the city’s commissioner of accounts, a plan to allocate costs should have been developed in the planning phase of the project or at least once the ordinance was passed that restricted the use of tax money. A thorough and well-documented allocation plan is a critical control element for this project given the restriction on the use of tax money.

Parks and Recreation’s Cost Allocation Method Is Too Broad

The Parks and Recreation Department’s cost allocation method does not ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance. The footprint definition of restoration is too broad – allocating almost all costs under the deck to restoration.

Preparing for the museum expansion required additional work within the footprint of the original structure, including removing and replacing about 40 percent of the 270 support columns under the deck as well as additional cutting, filling, grading, and foundation work.

Parks and Recreation staff told the mayor and Council that 115 columns needed to be replaced due to their deteriorated condition. However, the condition survey that the project is based on said that only one column had failed and needed to be replaced, while the remaining columns could be repaired. Parks' decision to remove 115 columns and replace 111 of them in a different configuration was primarily made to accommodate the expanded museum. Early project budgets estimate a substantial cost difference – \$8 to \$10 million – between the two approaches. These costs would have been avoided if the department were just restoring the Memorial. The department should pay for the difference in cost with other sources of funds.

The footprint method does not adequately separate restoration and expansion costs. Based on the footprint allocation Parks and Recreation staff presented to the mayor and Council March 16, 2000, all expenses related to the new support structure under the deck are considered restoration, except for the new museum's main floor. Parks and Recreation Board Members have justified the allocation method by stating that the columns under the deck were deteriorated and needed to be replaced. This assertion is not supported by the department's condition survey report, which included structural, architectural, mechanical, and environmental evaluations. The report, done by Norton & Schmidt, Consulting Engineers, Inc., states that one column failed and the remaining columns could be repaired.

Column replacement was necessary for museum expansion. The decision to replace and relocate a portion of the columns under the deck, rather than repair them, was primarily made to accommodate the expanded museum. The department's condition study released in February 1995 reported:

Generally, the observation deck is in very poor condition. Specifically, the structural cast-in-place concrete subdeck, which acts as the support for the observation deck, has undergone severe freeze/thaw damage and considerable corrosion induced deterioration to the cast-in-place concrete beams integral with the observation deck. Severe freeze/thaw damage has also been identified in the upper portion of the north and south walls. In the beam and column framework which

supports the observation deck, a moderate amount of corrosion induced deterioration is present. There is one column in a “failure mode”. Although concrete restoration can be performed on the intermediate beams and columns supporting the observation deck, and the failing column can be replaced, the upper portion of the north and south walls and the observation deck itself will have to be removed and replaced along with the integral beams and the upper portions of the columns.
(Norton & Schmidt, February 3, 1995.)

Under the contract, the architect was not required to do additional testing under the deck. The Parks and Recreation Department’s November 1995 contract with ASAI for architectural services states:

Norton & Schmidt Phase I and Phase II Reports are to be accepted as accurate without further inspection, testing and analysis required. A-E [architect and engineer] shall provide a brief visual review of the field conditions to verify if there are major variances to the report.

Architect planning meeting notes show that the expanded museum was designed between January and April 1996 without additional testing. Project meeting notes dated April 18, 1996, stated, “The architect is in agreement with the Norton and Schmidt report and conclusions.”

The Board of Parks and Recreation Commissioners approved the museum concept and design in May 1996. The design replaced some of the existing columns, which were laid out in a grid pattern, with columns laid out in a radial pattern to make space for the expanded museum.

The expanded museum facility requires large areas of column free space to properly display the collection, which includes large artifacts. The existing structural columns and beams underneath the observation deck are at a spacing of only 20 feet on center and were not designed to support floor loads. Several of the columns are approaching structural failure. The structure of the observation deck is seriously deteriorated and requires total replacement. Because of these factors, the observation deck structure and the existing columns and beams underneath the observation deck will be replaced with new columns and beams in locations that respond to the new museum and exhibit design layout.
(Preliminary Design, September 30, 1996, ASAI.)

No structural engineering report recommends column replacement.

In a March 16, 2000, business session, Parks and Recreation staff and a subcontractor told the mayor and Council that 115 columns had to be removed due to their poor condition. We examined architect meeting notes, Board of Parks and Recreation Commissioners minutes, contract files, and subcontractor invoices. We could not locate any structural report or indication that additional structural testing superseded the 1995 Norton and Schmidt report.

A representative of Bob D. Campbell and Associates, the subcontractor that is providing structural engineering services for the design and construction phases of the project, confirmed that they did not perform tests under the deck and did not recommend replacing columns. The firm billed 26 hours to the project prior to the Board's approval of the preliminary design in May 1996. Based on architect meeting notes, engineering work completed before the Board approved the preliminary museum design was to estimate the amount of space that could be made available for a museum without disturbing existing foundations.

The preliminary museum design called for removing the columns, beams, and footings in the area under the deck between the existing Memorial buildings. These are the 115 columns that the department now asserts were deteriorated and needed to be replaced. The columns below the existing buildings are being repaired and reinforced rather than replaced.

Museum expansion substantially increased construction requirements. The changed support structure added cutting, filling, grading, and foundation requirements that would not have been required to restore the Memorial. Subsurface engineering work completed after the museum design outlines the differences.

It is proposed that additional museum space be provided in the void that exists between the existing structural deck and the underlying subgrade. ...It is understood that this modification will require the installation of additional foundations, in addition to increasing the design loads on the existing foundations.
(GeoSystems, July 1997.)

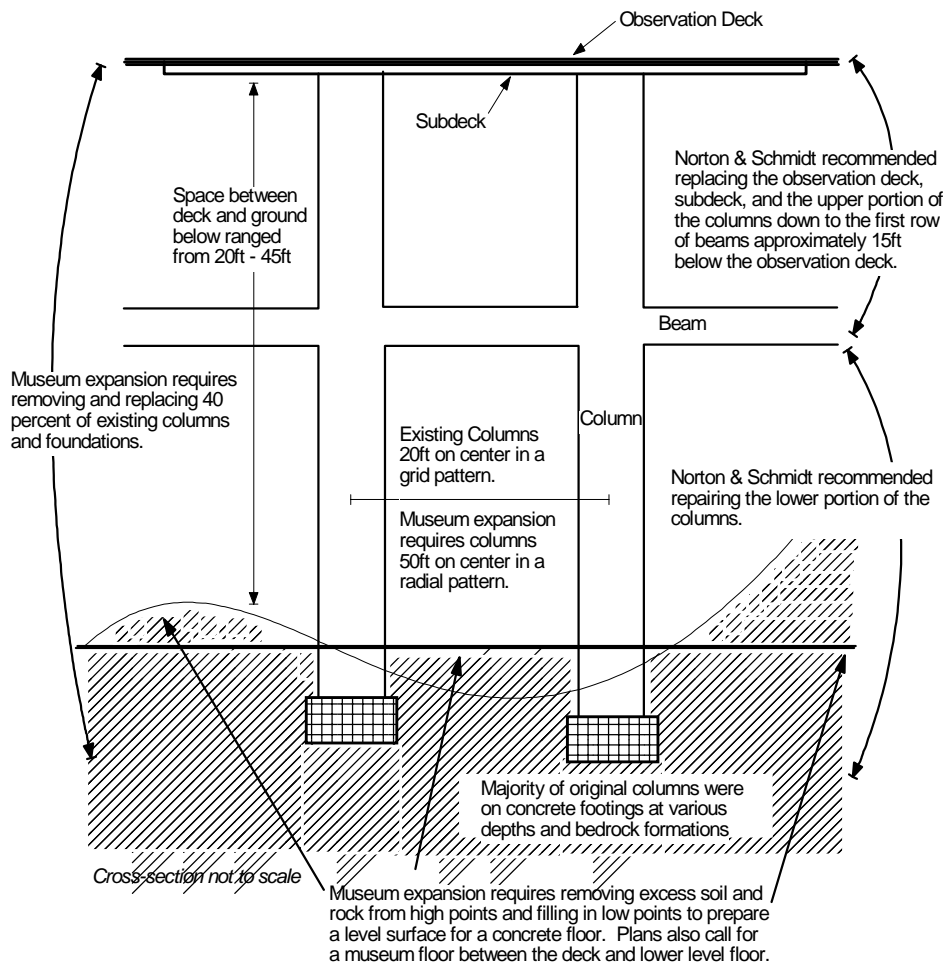
...extensive site preparation will be required to develop suitable conditions for placement of controlled structural fill.
(GeoSystems, February 1999.)

The new lower level will have a slab on-grade floor slab with the deck area being reconstructed as a structural slab over the museum area. It is our understanding that the lower floor will be at approximately elevation 179 feet. Extensive site preparation and fill placement will be required within the memorial to achieve design grades.

(GeoSystems, November 1999.)

The Norton & Schmidt report, which the architect expressly accepted as accurate, recommended replacing the observation deck, the subdeck, and the upper portions of the supporting columns, while repairing the lower portions of the columns below the beam. The new design, reflecting work only necessary if there is an expanded museum, requires removing the entire beam and column framework, replacing foundation piers, grading, filling, and creating a floor under the portion of the deck where the museum will be housed. (See Exhibit 3.)

Exhibit 3. Illustration of Differences in Design Requirements



Source: Liberty Memorial Project documents.

Cost difference in designs is substantial; some of the cost was later shifted to restoration. The cost difference between repairing the Memorial and simultaneously creating a shell for the new museum is substantial – early project documents estimate the difference to be between \$8 and \$10 million. The 1995 Norton and Schmidt reports, using cost estimates prepared with the assistance of J.E. Dunn Construction Company, estimated that restoring the Memorial would cost \$20.6 million. In 1996, ASAI estimated that restoring the Memorial and preparing the museum shell during restoration would cost \$29 million. In 1997, staff, using cost estimates prepared with the assistance of J.E. Dunn Construction Company, reported to the Board of Parks and Recreation Commissioners that restoring the Memorial would cost \$21.5 million, preparing the museum shell would cost an additional \$10.3 million, and the total project costs including finishing the museum and exhibits would be \$61.8 million. After the City Council restricted the

use of the sales tax money, the department reported to the mayor that restoration would cost \$35 million. Before the restriction was in place Parks reported that restoration was about 35 percent of the total project cost estimate of \$61.8 million. After the restriction was in place, Parks reported that restoration was about 54 percent of the total project cost estimate of \$65 million. (See Exhibits 4 and 5.)

Exhibit 4. Liberty Memorial Project Cost Estimates, 1995-2000 (\$ millions)

Date	Source	Restoration	Museum	Exhibits	Site Dev	Total
04/21/95	Norton & Schmidt	20.6				
05/23/95	Board Minutes		10.0			30.7
04/18/96	Hypothetical Program ⁶	21.0	17.5	12.0	1.5	52.0
04/18/96	Adjusted Buildout ⁷	29.0	9.5	12.0	1.5	52.0
Board approves preliminary design May 14, 1996						
06/03/97	Board Minutes	21.5	29.3	11.0		61.8
Use of sales tax money restricted by vote August 4, 1998						
10/05/99	Memo to Mayor	35.0	30.0			65.0
10/28/99	Universal Christman ⁸	36.0	32.8			68.8
11/22/00	Contract File	35.7	21.4	14.2	2.8	74.1

Sources: Liberty Memorial Project documents.

Sales tax money should not fund museum expansion. The director of Parks and Recreation should reimburse the sales tax money used to pay the cost difference between repairing the Memorial and simultaneously preparing the museum shell. The Board of Parks and Recreation Commissioners is responsible for properly using and accounting for Liberty Memorial sales tax money as intended by the City Council and voters. To ensure sales tax money is used as intended, the director of Parks and Recreation should develop a reasonable cost allocation plan.

Other City Accounting Controls Are in Place

Other than a reasonable cost allocation plan, accounting controls are in place to monitor spending. Payments are reviewed and approved by more than one person and separate accounts have been set up to track project revenues and expenses. The maintenance endowment is in a separate fund.

Parks and Recreation set up different accounts for the project. The department set up two different funds (construction and maintenance endowment) and five different organization codes (restoration, two federal grants, state grant, and Missouri Development Finance Board) in

⁶ Based on Norton & Schmidt. See preliminary budget projections in Exhibit 5.

⁷ Based on constructing the museum shell as part of restoration. See preliminary budget projections in Exhibit 5.

⁸ Includes restoration and adaptive reconstruction as described in base scope of work.

fiscal years 1999 and 2000 to track project revenues and expenditures. This account structure allows project administrators to monitor how funds are being spent and charged to various accounts. Since October 2000, Parks and Recreation accounting staff has charged project expenditures classified as restoration or adaptive reconstruction to the correct accounts. Establishing separate accounts is a good starting point to help account for revenues and expenditures.

Parks and Recreation uses the city's payment review and approval process. The city's basic accounting process requires review and approval by at least two levels/individuals within a department to authorize expenditures. The payment applications we reviewed indicated that at least two members were reviewing and/or approving contractor payment requests. The commissioner of Accounts said that the Parks and Recreation Department's general accounting controls are within the parameters of the city's Manual of Instructions.

Exhibit 5. Design Team's Preliminary Budget Projections

Preliminary Budget Projections

	<u>Early Assumptions</u>	<u>Staley/ Robeson</u>	<u>Current Program</u>	<u>Hypothetical Program⁶</u>	<u>Adjusted Build Out⁶</u>
• Restoration of The Liberty Memorial	\$21 Million ¹	\$25 Million	\$21.0 Million ¹	\$21.0 Million	\$29.0 Million
• Peace Museum	\$15 Million ²	\$15 Million	\$20.5 Million ⁴	\$17.5 Million	\$9.5 Million
• Exhibits	\$0		\$20.0 Million ³	\$12.0 Million ⁵	\$12.0 Million
• Site Development	\$0	\$0	\$3.5 Million ⁵	\$1.5 Million	\$1.5 Million
• TOTAL	\$36 Million	\$40 Million	\$65.0 Million	\$52.0 Million	\$52.0 Million
• Total with cost inflation			\$70.0 Million ⁷	\$56.0 Million ⁷	\$56.0 Million ⁷
• Endowment	\$10 Million	\$10 Million	\$10.0 Million	\$10 Million	\$10.0 Million
• TOTAL	\$46 Million	\$50 Million	\$80.0 Million	\$66.0 Million	\$66.0 Million

¹ • Based upon the Condition Survey submitted to the Board of Parks and Recreation Commissioners by Norton and Schmidt (\$20,644,139).

² • Based upon Parks Department comments at meeting 1-11-96 (\$10-20 million).

³ • Based upon 50,000 SF of Gallery and Exhibit Areas multiplied by an average of \$400/SF = \$20 million including development expense.

⁴ • Based upon the program (as of 15 April 1996) yielding 137,101 GSF (97, 930 NSF) by \$135/SF typical = \$18.5 million plus \$2.0 million development expense.

⁵ • Based upon improvements defined at 14 March 1996 meeting not including street and off-site work plus \$0.3 million development expense.

⁶ • Based upon 110,000 GSF with 40,000 NSF Exhibit Areas. Exhibits reduced to \$300/SF. Parks Department provides parking, road, grading and landscaping improvements.

⁷ • Based upon completion November 1999 with 4% cost inflation per annum to midpoint of construction.

⁸ • Based upon hypothetical program and construction buildout of museum shell as part of restoration.

The Liberty Memorial and Peace Museum

ASAI HGA RAA
18 April 1996

Source: Parks and Recreation Department contract file.

Recent Actions Should Protect Historical Integrity of the Monument

The Board of Parks and Recreation Commissioners' recent actions and continued monitoring and review by the Missouri State Historic Preservation Officer (SHPO) should protect the historical integrity of the Liberty Memorial. Following citizen complaints, the Board hired an independent architect to review the project. The architect concluded that the project fundamentally complies with the Secretary of Interior's Standards for the Treatment of Historic Properties, but made recommendations regarding preservation. SHPO concurred with the recommendations. The Board expanded the Design Review Committee to include preservationists. The committee is reviewing and overseeing design changes.

However, the department followed a closed and exclusive process in the early stages of the project. It is not clear from the public record who decided and when it was decided to expand the museum. This decision is important – it altered the physical site of the Memorial and committed the city to millions in capital funding and operating costs. Parks and Recreation staff made critical decisions without informing the Board of Parks and Recreation Commissioners or City Council and presented incomplete information when questions were raised. The department focused on museum expansion rather than restoration for several years after the Memorial was closed to the public. The Liberty Memorial is a major community asset with significant symbolic value. The public should be involved in decisions regarding its use.

Architect and State Reviews, Expanded Design Review Committee Should Protect Historical Integrity of the Monument

The State Historic Preservation Officer (SHPO) has reviewed design documents and is monitoring the project. The expanded Design Review Committee now includes preservationists and is supposed to review and oversee design changes. An independent architect hired by the Board of Parks and Recreation Commissioners concluded that the project complies with the Secretary of Interior's Standards for the Treatment of Historic Properties.

Successful completion of Section 106 indicates compliance with federal standards. SHPO reviewed the plans for the proposed work on the Liberty Memorial after the project received federal assistance in 1999. Under Section 106 of the National Historic Preservation Act, SHPO found that the proposed Liberty Memorial restoration project would have “no adverse effect” on the National Register-eligible Liberty

Memorial. The November 1999 finding was contingent on several stipulations, one of which was to document public participation in the project. The April 11, 2000, Memorandum of Agreement (MOA) between the Board of Parks and Recreation Commissioners and SHPO signifies the completion of the Section 106 process, which is intended to minimize harm to historic properties. The MOA provides an ongoing process to review preservation concerns.

Section 106

Section 106 of the National Historic Preservation Act requires federal agencies and agencies receiving federal funds to take into account the effects of their undertaking on historic properties. The goal of the process is to identify historic properties potentially affected by the undertaking, assess its effects, and seek ways to avoid, minimize or mitigate any adverse effects on historic properties.

An adverse effect is found when an undertaking may alter, directly or indirectly, any of the characteristics of a historic property that qualify the property for inclusion in the National Register in a manner that would diminish the integrity of the property's location, design, setting, materials, workmanship, feeling, or association.

Source: 36 CFR §800, *Federal Register*, pp. 27071, 27075 (1999).

Independent review also concluded the project complies with federal standards. The Board of Parks and Recreation Commissioners hired an independent architectural firm in April 2000, John G. Waite Associates, to review the drawings and specifications prepared by the project architect (ASAI) for the restoration and expansion of Liberty Memorial. Waite concluded that the project fundamentally complies with the Secretary of Interior's Standards for the Treatment of Historic Properties. He concluded that the museum would have minimal impact on the existing historic fabric of the memorial because it is situated under the deck, which is not a major character-defining feature of the memorial. The new entrance will be visible only from the south and will not impact the views of the memorial from the east, north, or west.

Independent review identified some preservation issues. Waite made several recommendations regarding preservation. He recommended the department quickly prepare a formal historic structure report to summarize construction history, outline the existing condition of the building fabric, and list the recommendations for conservation treatment. Without such a report, Waite found it difficult to assess the importance

of post-Magonigle design. Waite also recommended the department prepare a historic landscape report, and made several recommendations regarding appropriate restoration materials and techniques.

SHPO is continuing to review and monitor the project. SHPO concurred with Waite's conclusions and recommendations. Under the MOA, SHPO is reviewing project documents submitted by the Parks and Recreation Department and is monitoring the project, including visiting the project site at least once a month.

The Design Review Committee was expanded to include preservationists. In March 2000, the chair of the Design Review Committee expanded the committee and invited individuals experienced in historic preservation to join the committee. The committee was expanded to include 13 members. According to the chair, the role of the committee is to review design changes and the appropriation of funds designated for the project.

Early Process Was Closed and Exclusive

While the current review and monitoring mechanisms should protect the integrity of the Liberty Memorial, we identified weaknesses in the process the Parks and Recreation Department followed to plan the restoration and expansion. It is not clear from the public record when and who decided to expand the museum. Public participation was limited. Parks did not seek public participation until after the design had been approved, and the initial focus of public participation was fundraising. Parks and Recreation staff made decisions without informing the Board or City Council. Preservationists' concerns have opened the process, however Parks and Recreation staff provided information that was inaccurate or incomplete after questions were raised.

Who decided to expand the museum? It is not clear from the public record when the Board of Parks and Recreation Commissioners decided to expand the museum. We reviewed Board minutes from 1990 through 2000. The first reference we saw to an expanded museum was May 23, 1995, when the director of Parks and Recreation told the Board "it has been generally estimated that an additional \$10 million would be necessary for needed expansion of facilities at the Liberty Memorial." The May 14, 1995, request for proposals (RFP) for architectural services did not mention expanding the museum. (See text box on next page.)

Request For Proposals

The Kansas City, Missouri, Board of Parks and Recreation Commissioners is accepting proposals from interested parties to provide architectural, engineering and preservation services for the restoration of the Liberty Memorial.

The work consists of but is not limited to research; data collection; verification of existing conditions; development of a Program Plan with City staff; engineering and construction alternatives; site investigation; preservation issues; preparation and presentation of preliminary plans and specifications; preparation of construction estimates; construction plans and specifications for the restoration of the Memorial; attendance at the pre-bid meeting; answering questions during the bidding process; approval of shop drawings; construction observation and administration; and project close-out.

All proposals shall be limited to thirty pages and should include the following: statement of interest, statement of qualifications and experience; examples of relevant experience; qualifications of the project team members; outline of services to be provided and a schedule of fees and estimated costs for providing those services; and MBE/WBE participation. The successful consultant must possess a Kansas City, Missouri occupational license and be current with the Kansas City earnings tax.

To be considered for the project five (5) copies of your proposal should be received in our office at 5605 E. 63rd Street, Kansas City, MO 64130, no later than 4:00 PM, Friday, May 26, 1995. For additional information contact Richard C. Coleman AIA, at (816) 871-5639.

Source: *The Kansas City Star*, May 14, 1995.

Although the RFP did not mention the museum expansion, the department provided a letter addressed to “Architects/Engineers” dated May 11, 1995, that states:

This national treasure will be restored and the original vision of the architect fulfilled through the completion of the museum facilities below the deck structure. The project includes extensive structural, architectural and preservation services for the largest WWI memorial and only WWI museum in the nation.

(Letter from Richard Coleman, Parks and Recreation Department, to Architects/Engineers, May 11, 1995.)

The letter did not include a distribution list or indicate to whom it was sent. ASAI's statement of interest includes two statements regarding museum expansion.

Design exceeded fundraising estimates. The director of Parks and Recreation told the Board on May 23, 1995, that the Norton & Schmidt engineering report estimated it would cost about \$21 million to restore the existing facility, and it was generally estimated an expanded museum would cost an additional \$10 million. However, the department designed a substantially more expensive facility. Architect meeting notes state:

[Museum consultant] stated that the present program is contributing an upward pressure to the construction budget. Including the [\$10 million] endowment, the current program with state of the art exhibits is probably between \$60-70 million.

(ASAI Conference Memorandum, April 11, 1996.)

After the department's fundraising consultant recommended that \$20 million be raised from the private sector with matching funds from the city, the deputy director of Parks and Recreation told the architect to define a scope of work for \$40 million with items that could be added later.

Discussed \$40 million [construction] budget for the Liberty Memorial project. Mark [McHenry] stated that we need to define a scope of work that equals \$40 million and items that can be added to this in the future. Per the recommendation of Jim Radford, a Blue Ribbon Committee will be formed by Parks and Recreation and the Liberty Memorial Association. This committee must embrace the concept. We will be required to show the committee a design and construction cost. John Owen [president of the Liberty Memorial Association] stated that he saw three options: 1. Restoration only. 2. Build a world class museum. 3. Tear the monument down. He also stated that a building shell would never be finished out. Mark added that we also need to include an option for \$40 million. The Memorial could be opened up to the public for \$8.6 million by just repairing the deck. Richard [Coleman] stated the construction cost from the Norton and Schmidt report do not include demolition of existing columns and a new structural system.

(ASAI Conference Memorandum, June 7, 1996.)

The architect scaled back the design, but still came up with a budget of \$55 million. Architect meeting notes state:

ASAI presented an overall budget of \$55 million, including fees, furniture, exhibits, restoration, landscaping, and site work.
(ASAI Conference Memorandum, June 28, 1996.)

Parks and Recreation staff continued with their plans to expand the museum despite indications that funds sufficient to build it would not be available and did not discuss the probable lack of funds with the Board of Parks and Recreation Commissioners or the City Council. The deputy director of Parks and Recreation told us that he could not recall telling the Board or Council that the Memorial could be opened to the public for \$8.6 million, as discussed with the department's architects, ASAI.

Parks Board approved the museum design without public participation. The museum was designed without assessing service needs and without public input. There was no planned public discussion of the museum expansion concepts before the presentation to the Board of Parks and Recreation Commissioners. Parks staff and ASAI met with individual Board members between April 23 and April 26, 1996, to present the design and respond to concerns. The Board approved the design concept at its regular meeting on May 14, 1996.

The department did not involve the public until late in the process. Parks and Recreation was required to submit evidence of public participation as part of the Section 106 review. While the Section 106 review is intended to be initiated early in a project's planning so that a broad range of alternatives may be considered, these requirements did not apply to the Liberty Memorial project until federal funding was awarded on June 4, 1999. The department submitted materials related to the Design Review Committee, which first met January 14, 1999. The initial members were individuals whose expertise focused on design, development, and construction experience. Prior to the establishment of the Design Review Committee, the department held small group meetings focused on fundraising beginning in March 1996, after most of the design concept was completed.

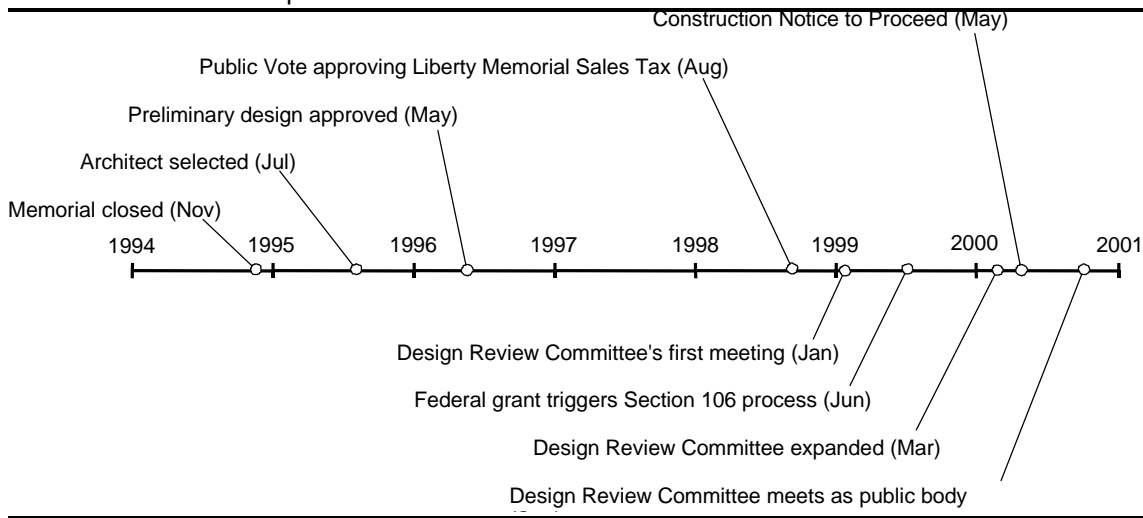
Preservation concerns opened public discussion. A group of citizens, mainly historic preservationists, began questioning whether the expanded museum would damage the historic integrity of the Liberty Memorial, whether tax money would inappropriately be spent on the museum, and whether the public was adequately involved in the decision making

process. After articles about the controversy in the press and the March 2000 business session with the mayor and Council, the Board expanded the Design Review Committee to include preservationists.

The Design Review Committee was not meeting as a public body.

The initial Design Review Committee began meeting in January 1999. According to Parks and Recreation management, the committee was a group of civic leaders who were reviewing the project and making comments. The committee initially comprised five members, including a board member as chairperson. The other four members were selected based on experience in design, development, and construction. The committee evolved over time and began operating as a public body in September 2000. Consequently, the committee did not keep minutes before September 2000, though it now keeps minutes.

Exhibit 6. Public Participation Timeline



Sources: Liberty Memorial Project documents.

Parks and Recreation staff provided information that was inaccurate or incomplete after questions were raised about the use of sales tax money. Parks and Recreation staff misinformed decision-makers and stakeholders about the status of the project. These actions allowed the project to go forward, despite questions.

- On February 2, 2000, the director of Parks and Recreation told the City Council's Finance and Audit Committee that J. E. Dunn was awarded the contract to begin phase I of this project. In a February 8, 2000, meeting with the mayor and city manager, Parks and Recreation staff said that the Liberty Memorial project is planned in two primary phases: restoration of the existing structure and an

expanded museum facility.⁹ On February 10, 2000, the Council approved ordinance 000099 re-appropriating \$1.2 million for Liberty Memorial restoration. However, the base scope of work in the winning contractor's bid, dated January 27, 2000, is to simultaneously restore the Memorial and prepare a building shell for the new museum – what the department has termed “adaptive reconstruction.” Nine bid alternates provide for work to finish the expanded museum. The first phase of the project includes both restoration and work to prepare space for the expanded museum.

- During the March 16, 2000, business session, the deputy director of Parks and Recreation stated that the “true costs” of restoration were \$34 million. Again, the department had no way of knowing what the restoration costs were based on the way they bid the contract. Following the business session, the notice to proceed was reissued, on May 24, 2000, allowing construction to begin.
- In a letter dated April 21, 2000, the director of Parks and Recreation told attorney Dan Cofran, who was representing the Historic Kansas City Foundation, “In addition, restoration of the structure is not based upon a report by Norton and Schmidt in 1995, but by field observation and testing by Bob D. Campbell.” This assertion is not true. According to the project documents, and confirmed by a representative of Bob D. Campbell, the project is based on the 1995 Norton & Schmidt report.

Public participation is necessary. A high level of public participation is important to consider all peoples' views and opinions when publicly funded projects are planned and designed. The Liberty Memorial is a major community asset with significant symbolic value. The Parks and Recreation Department should have sought broad-based public participation at the beginning of the project to determine the need for the expanded museum, what it should cost and identify other concerns, including those related to protecting and preserving the historical integrity of the Memorial.

Initial Planning Focused on Museum Expansion

The Parks and Recreation Department initially focused on museum expansion and reduced the amount of planned work on restoration. Preparing for restoration did not begin until late 1997, more than three years after the Memorial was closed to the public. In November 1999, a consultant warned the department that restoration was underspecified in

⁹ Memorandum from President of the Board of Parks and Recreation Commissioners Bob Lewellen to Mayor Kay Barnes and distribution list, February 23, 2000.

bid documents. The department addressed the concerns through bid addenda, but some of the same issues were raised in Waite's independent review in May 2000.

Restoration planning was deferred while the department focused on museum expansion. After the Board selected ASAI as the project architect in July 1995, the scope of services was changed to focus on expanding the museum. According to board minutes, the director of Parks and Recreation told the Board in June 1995 that the scope of services was to develop a schematic design for restoring the Liberty Memorial based upon the Norton-Schmidt engineering study and to identify needs for service expansion. The initial service schedule established in August 1995 proposed a process to do this. However, the revised schedule, dated November 6, 1995, and incorporated into the architect's contract as "Exhibit A" states:

We have revised the scope of services to fit within the allowable funds. [...]In general, the services focus almost exclusively on the museum's development and putting together an exciting preliminary design package including exhibit concept and vision narrative for the fund raising campaign. We have eliminated most of the work related to restoration, verification and documentation of the existing building and site conditions in both Part A and Part B of Phase I. Per your suggestions, we have also reduced the number of consultants involved in workshop meetings and on certain tasks. The important work related to historical research and neighborhood coordination remains, as does the museum facility and exhibit program. The work reduced or eliminated in Phase I has been shifted into Phase II.

(Letter from Steve Abend, ASAI, to Richard Coleman, Parks and Recreation Department, incorporated into the architect's contract as "Exhibit A".)

The adopted schedule for architectural services, dated November 6, 1995, provides significantly less detail about restoration and devotes less time to restoration work than the schedule proposed in August 1995. Evaluating preservation issues was collapsed from 14 individual tasks occurring in the first 4 months of planning to one task completed as part of final design development in months 14 through 16 of design planning. (See Appendix B for a comparison of ASAI proposed and adopted schedules of services.)

Was the Board made aware of the scope change? Board minutes do not describe the changed scope of work. The deputy director of Parks and Recreation told us that he does not recall any discussions with the Board regarding the changed scope of work. The Board president at the time signed the contract with the scope of work included as an attachment.

Planning for restoration began late in the design process. Restoration work did not begin until late 1997, after the expanded museum was designed and approved by the Board and more than three years after the Memorial was closed to the public. In a December 1997 letter, Parks staff directed ASAI to begin work on restoration:

We have now kicked off the fund raising campaign and want to ensure that the restoration drawings for the Memorial proceed in a purposeful manner. To this end Abend Singleton Associates has been directed to proceed with producing the restoration investigations and drawings for the Liberty Memorial.

Notice to proceed was given to develop the plans for the restoration and museum expansion. The museum schematics have been developed and until further notice ASAI and its consultants need to direct their efforts in preparing the documents for the restoration as outlined in "Attachment A" of the contract.

(Letter from Richard Coleman, Parks and Recreation Department to Steve Abend, ASAI, December 5, 1997.)

Subcontractor invoices show that the preservationist on the design team first billed for work April 13, 1998, nearly two years after the Board approved the preliminary design.

Bid document under-specified restoration. The department's emphasis on expanding the museum appears to have resulted in under-specifying restoration work in bid documents. The department's construction consultant that reviewed the architect's design specifications and drawings wrote in an email to the deputy director:

...the restoration issues related to this project remain, in our opinion, underspecified. There is a high likelihood that the restoration, conservation or preservation work included in the base scope of this project will be a major area for contractor claims, disputes, or simply not implementing to a quality level equal to that expected on

a monument of this national importance. These issues have been raised on previous reports....Restoration projects can not be specified and documented like new construction if the final work product is to comply with the Secretary of the Interior Standards....There is little notation found in the bidding documents that requires the contractor to take the extra effort required to match historic textures, finishes, profiles, colors or other historically sensitive issues related to this project. The most successful restoration projects required this attention to assure long lasting preservation quality. It is our recommendation the documents be modified to stress this importance.

(Email from Ron Staley, Universal-Christman, to Mark McHenry, Deputy Director of Parks and Recreation, November 24, 1999.)

The firm specifically raised concerns about:

- Selective demo specification as related to the protection of historic fabric, submittals and approvals prior to work, etc.
- Shoring and bracing specification as related to protection of the historic fabric from rust staining.
- Scaffolding specification as related to loads imposed and tying into historic fabric
- Frieze wall protection specification.

The department issued ten bid addenda between November 22, 1999, and January 7, 2000, to address these and other concerns. The department's construction consultant agreed their restoration concerns were properly addressed.

Through our review of the ten addendum issued during the bidding process, we were comfortable that ASAI and their consultants did a very professional job of incorporating appropriate text to address each of these issues, and any other items possibly raised in previous correspondence by our review team.

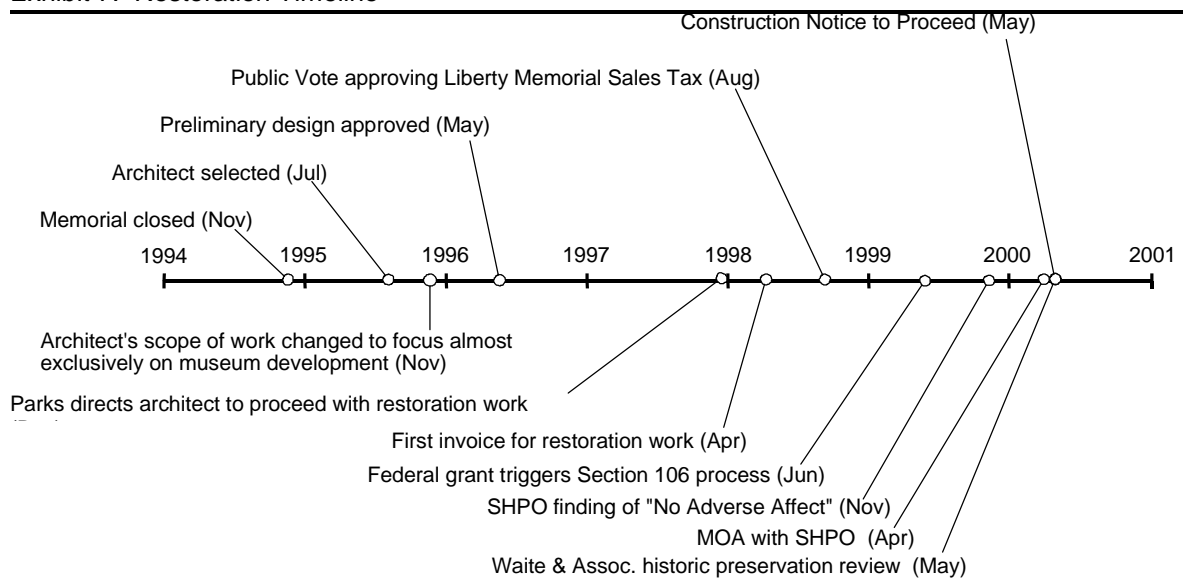
We firmly believe the contract documents now contain the contractual control mechanisms which will allow the architect and his consultants to administer all restoration, conservation or preservation related work in a manner consistent the [sic] similar monumental restoration work that we have been involved with over the past 14 years.

The City and public should be assured these documents have been reviewed and action taken to assure the historic preservation technical issues were properly addressed. In our opinion, these documents should be used as a case example on how to correctly detail and document the very important masonry restoration. Few projects offer the level of detail and clarity shown by ASAI in this area.

(Letter from Ronald D. Staley, Universal-Christman, to Mark McHenry, Parks and Recreation Department, April 10, 2000.)

However, Waite raised similar issues in his independent review released on May 12, 2000.

Exhibit 7. Restoration Timeline



Sources: Liberty Memorial Project documents.

Credible Business Plan Is Needed

The Parks and Recreation Department's 1999 revised feasibility study for the expanded museum continues to rely on optimistic assumptions. Even with the maintenance endowment and a \$200,000 annual taxpayer subsidy, the study projects the museum will need 240,000 annual visitors to break even. If the museum does not have enough visitors, it will require a larger taxpayer subsidy or funding from another source.

The department has not yet developed a realistic business plan for the new Liberty Memorial museum. The department issued a request for proposals for a business plan in 2001. However, construction on the project, including preparing space for the museum, began in 2000. The cost of operating and maintaining a capital improvement should be known and sources of funds identified before moving ahead with a project. The department's fund raising efforts, after four years, were reported to still be about \$17.7 million short of the \$30 million goal. Based upon the needs of donors, lack of a credible business plan can adversely affect fund raising efforts.

Lower Than Forecast Attendance Would Require Increased Tax Support or Funding From Another Source

We reviewed the department's draft feasibility study for the expanded museum in 1998 in response to a request from Councilmember Evert Asjes. We concluded that attendance and revenue projections appeared optimistic and expenditures projected for maintenance were low.¹⁰ The Parks and Recreation Department contracted with Midwest Research Institute (MRI) to prepare the study in January 1997.

MRI revised the study in 1999. However, attendance and revenue projections for the Liberty Memorial remain optimistic. The revised study continues to assume a most likely annual attendance of 240,000 with about half of attendees paying a full fee. There is little support for these assumptions. If the assumptions are not realized, the museum will require more taxpayer support or funding from another source.

Our review of the 1998 draft feasibility study raised questions. We reviewed *An Economic Feasibility Analysis of the Liberty Memorial and Museum*, Draft Final Report in April 1998. We concluded that there was a risk that museum expenditures would substantially exceed revenues. Attendance projections and admission revenue – fee level and mix of attendees – appeared optimistic, and projected expenditures on repairs and maintenance seemed low compared with national standards for property maintenance. The study projected 240,000 annual visitors. We noted that 1996 attendance cited for most local and cultural attractions was under 150,000.

Revised feasibility study remains optimistic. The revised feasibility study released in April 1999 decreased projected revenues and expenses. However the revised study continues to project 240,000 visitors as the “most likely” scenario. This assumption is based on an estimated average of 140,000 annual visitors to the Memorial between 1990 and

¹⁰ Memorandum from City Auditor Mark Funkhouser to Councilmember Evert Asjes, May 13, 1998.

1994 and an assumed 10 percent capture of an estimated 1 million annual visitors to Science City. Neither of these assumptions seems supported. Science City attendance has been lower than the 1 million estimate and the estimated number of visitors to the Liberty Memorial does not reflect fee-paying visitors. Based on museum fees collected between fiscal years 1992 and 1994, annual museum attendance was about 9,700. The 140,000 figure is based on a hand count tally of visitors to the Memorial.

The revised feasibility study reduced the average revenue per attendee from \$4.54 to \$4.00 to adjust for discounts for group sales and other promotions. However, the study continues to assume about 61 percent of attendees are adults, with only 5 percent of attendees senior citizens, and 34 percent children. We noted in our 1998 memo that senior citizens made up over 25 percent of visitors to the Truman Museum. Full fee paying adults were only about a third of Science City attendance between February and July 2000.

The revised study reduced projected expenses by assuming that major capital repairs and maintenance would be paid from the endowment, reduced the number of staff from 19 to 15, and reduced utility costs to the average for Kansas City public buildings. The study also added a general fund subsidy of \$200,000, increasing 3 percent per year – this is about what the city was spending to operate the Liberty Memorial before it was closed.

If the number of visitors or revenue per visitor falls short of these projections, the museum will require additional taxpayer funding or funding from another source. The department should move ahead with plans to develop a business plan for the expanded museum.

Business Plan Not Developed

The Parks and Recreation Department has not yet developed a credible business plan for the expanded Liberty Memorial museum. A business plan should describe the future strategy and financial development of the Liberty Memorial for the next several years, including a marketing plan, financial management plan, financial projections, and supporting documents.

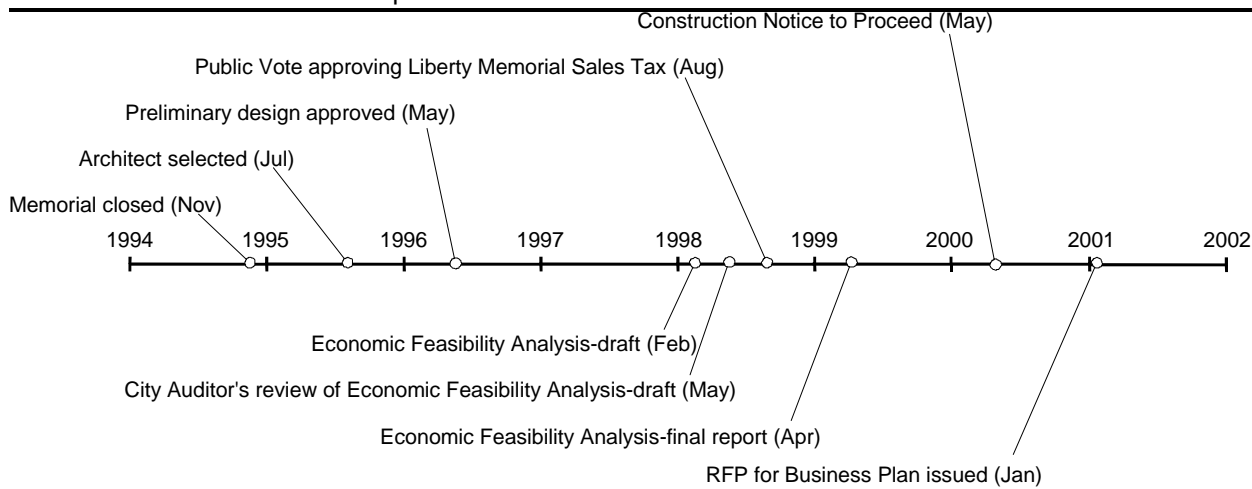
A business plan is part of good capital project planning. Prudent planning dictates that operating and maintenance costs be estimated and funding sources identified before moving ahead with a capital project. For example, the city's Capital Improvement Committee (CIC) process requires that operation and maintenance costs be developed for capital improvement projects during the planning phases.

Fundraising may be hampered by lack of a business plan. Staff we talked to at three local foundations said that foundations look for detailed information when deciding whether to fund a capital project. Such information includes:

- a full and clear description of the proposed project
- a demonstrated need for the project
- documented support that the requesting organization is stable and fiscally sound
- viable plans to sustain the project once it is completed
- detailed line-item budgets
- identification of other donors providing funding to the project

Lack of a reasonable business plan could hurt efforts to raise funds for the project. The department reported in October 1999 that they were about \$17.7 million short of their fundraising goal of \$30 million. The department has been raising funds since November 1995.

Exhibit 8. Business Plan Development Timeline



Sources: Liberty Memorial Project documents.

The director of Parks and Recreation should develop a business plan for the expanded museum that is based on realistic assumptions and determine the level of operating subsidy that will be required and potential sources of funds. In addition, the director of Parks and Recreation should engage the Board of Parks and Recreation Commissioners, mayor and City Council in an open, public discussion about whether to build the expanded museum and how to fund its operation.

Recommendations

1. The director of Parks and Recreation should develop a cost allocation plan to ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance.
2. The director of Parks and Recreation should repay the sales tax account for the cost difference between restoring the Memorial and simultaneously preparing the museum shell.
3. The director of Parks and Recreation should develop a business plan for the expanded museum and determine the level of operating subsidy that will be required and potential sources of funds.
4. The director of Parks and Recreation should engage the Board of Parks and Recreation Commissioners, the mayor and the City Council in an open, public discussion about whether to build an expanded museum and how to fund its capital and operating costs.

Appendix A

Liberty Memorial Key Players and Roles

Liberty Memorial Key Players and Roles

Ralph Applebaum Associates, Inc.

- Planners, designers, and producers of museum exhibits, visitor centers, and educational environments, Ralph Applebaum Associates, was subcontracted by ASAI to work on the Liberty Memorial Project.

ASAI, Inc. formerly Abend Singleton Associates Incorporated

- Architectural firm, ASAI, Inc, was selected in July 1995 by Parks Board to provide design renovation services for the Liberty Memorial. Their contract was written to allow for continuation of design services as resources were made available. ASAI is the project architect to present.

Board of Parks and Recreation Commissioners

- Board of Parks and Recreation Commissioners, appointed by the mayor, manages Kansas City's parks and boulevard system. The board expanded from three to five commissioners in August 1999. The Board of Parks and Recreation Commissioners appoint the Director of the Parks and Recreation Department.

Commissioner	Term	Commissioner	Term
Anita Gorman	1979 - 1991	Bob Lewellen	1999 - Present
Ollie W. Gates	1980 - 1999	Tim Kristl	1999 - Present
Carl DiCapo	1986 - 1992	Karen Daniel	1999 - Present
Sheila Kemper-Dietrich	1991 - 1999	Sandra Aust	2000 - Present
Anne Garney	1992 - 1999	William Washington	2000 - Present

Bob D. Campbell and Company

- Structural engineering firm, Bob D. Campbell and Company, subcontractor of ASAI, provided services for the design and construction phases of the Liberty Memorial Project.

Citizens to Save Liberty Memorial

- Civic group, Citizens to Save Liberty Memorial, was organized to launch a campaign to secure the public and private funding needed to support the Liberty Memorial Project. The group was appointed by former Mayor Emanuel Cleaver II in November 1997.

Citizens to Save Liberty Memorial Executive Board:

Ollie Gates, Chair	Carl DiCapo	Richard Marr
Beatrice Davis, Co-Chair	Lewis Dysart	Ray Morgan
Sheila Kemper-Dietrich, Co-chair	Warren Erdman	John Owen
Anne Garney, Co-Chair	Anita Gorman	Bruce Pennington
Richard L. Berkley	Dr. Robert Hodge	LTG Jerry Rutherford
Jerome Cohen	Harold L. Holliday, Jr.	Dr. Charles Wheeler

Design Review Committee

- Design Review Committee provides oversight of the construction and reviews design changes for the Liberty Memorial Project. It began to meet in January 1999 and was comprised of five members, including a Parks board member as chairperson. The other four members were selected based on experience in design, development, and construction. In March 2000, the committee expanded to

include individuals experienced in historic preservation. The design review committee met informally before it began operating as a public body in September 2000.

Design Review Committee Members¹¹

December 1998

Anne Garney, Parks and Recreation Commissioner, Committee Chair Dec. 1998 to Oct. 1999

Barry Brady, Senior vice president, JC Nichols Company

Ken Nicolay, Director of Facilities Management, Kessinger/Hunter & Co

Al Mauro, Civic leader

Mamie Hughes, Ombudsman, KCMO

Karen Daniel, Parks and Recreation Commissioner, Committee Chair starting Oct. 1999

March 2000 these members added

Linda Becker, Assistant to Councilwoman Bonnie Sue Cooper

Sarajane Aber, Liberty Memorial Association Trustee

Sherry Hooper, Executive Director, Jackson County Historical Society

Bruce Pennington, Native Sons of Kansas City

Alan Kofloff, Kansas City Municipal Art Commission

Betsie Czeschin, Historic Kansas City Foundation

J.E. Dunn Construction Company

- Construction firm, J.E. Dunn Construction Company, was selected for Liberty Memorial and Liberty Memorial Museum by the Board of Parks and Recreation Commissioners January of 2000. The construction base bid was \$36,279,000.
- In 1997, assisted Parks Department, with cost estimates for the Liberty Memorial restoration, adaptive reconstruction of building shell to accommodate a future museum, museum finishes, and site enhancements.
- In 1995, assisted Norton & Schmidt Consulting Engineers, with cost estimates for restoring the Liberty Memorial.

Geosystems Engineering, Inc.

- Engineering firm, Geosystems Engineering, Inc., subcontracted by ASAI in 1997, performed a subsurface exploration to obtain information about subsurface conditions and provide general foundation design and site development recommendations for the proposed Liberty Memorial construction.
- Geosystems was also selected to perform special inspection and testing services on the Liberty Memorial Project including observation and testing of fill, backfill, bearing materials, reinforcing steel, concrete masonry, high-strength bolts, welds and asphalt by a subcommittee of the Design Review Committee in March 2000.

¹¹ Committee members listed are based on invitation letters from the committee chair.

Hammel Green and Abrahamson, Inc.

- Museum design, engineering and security planning firm, Hammel, Green and Abrahamson, was subcontracted by ASAI to work on the Liberty Memorial project.

Historic Kansas City Foundation, HKCF

- Preservation organization, the Historic Kansas City Foundation, whose goals are to educate the public about Kansas City's architectural and cultural heritage, and preserve, develop and promote the continued use of older buildings.
- HKCF questioned whether the expanded museum would damage the historic integrity of the Liberty Memorial and would spend tax money on the museum. In March 2000 the Parks Board expanded the design review committee to include a member of HKCF.

Liberty Memorial Association

- Liberty Memorial Association was formed in November of 1918 to establish the character and location of the Liberty Memorial. City charter states that the Liberty Memorial Association is given the authority "...to build, maintain, operate and control for and on behalf of Kansas City and its inhabitants a Liberty Memorial..."
- Liberty Memorial Association owns the Liberty Memorial museum artifacts and memorabilia.

H. Van Buren Magonigle

- Original Architect, H. Van Buren Magonigle, was selected in a 1921 competition.

Midwest Research Institute (MRI)

- Research organization, MRI, developed a financial feasibility study/business plan for the Liberty Memorial in 1997. In 1998 MRI conducted a public opinion survey to determine the public's support of the Liberty Memorial project.

Norton and Schmidt Consulting Engineers, Inc.

- Engineering firm, Norton and Schmidt Consulting Engineers, contracted by the Parks Board in 1994 and 1995, to perform condition surveys, including evaluation, analysis of findings, recommendations for improvements and construction cost estimates, for the restoration of the Liberty Memorial.

State Historical Preservation Officer (SHPO)

- The Historic Preservation Program (HPP) in the Missouri Department of Natural Resources is the official Missouri State Historic Preservation Officer (SHPO). The HPP is responsible, in partnership with the U.S. Department of the Interior's National Park Service and local governments, for carrying out the mandates of the National Historic Preservation Act in Missouri.
- Missouri SHPO reviewed the plans for the proposed work on the Liberty Memorial after the project received federal assistance in 1999.

Staley/Robeson/Ryan/St. Lawrence, Inc.

- Fundraising consultant, Staley Robeson Ryan St. Lawrence, Inc., contracted by the Parks Board to conduct a feasibility and planning study for fundraising for the Liberty Memorial in December of 1995.

Universal-Christman

- Construction consultant, Universal-Christman, provided cost estimates based on construction documents in 1999.

John G. Waite and Associates, Architects, PLLC

- Preservation Architects, John G. Waite and Associates, Albany, New York, were contracted, to review the drawings and specifications prepared by the project architect (ASAI) for the restoration and expansion of Liberty Memorial and review its compliance with the Secretary of Interior's Standards for the Treatment of Historic Properties. Report was released May 12, 2000.

Appendix B

Comparison of ASAI Proposed and Adopted Schedules of Service

Exhibit 9. Comparison of ASAI Proposed and Adopted Schedules of Service

Proposed Project Services Schedule (8/25/95)	Time to Accomplish (Month)																
	1	2	3	4	5	6	...	14	15	16	17						
Evaluate preservation issues:																	
1) Structure: Repair of existing structure, Integration of new structure			■	■													
2) North wall: stone repair, frieze			■														
3) Observation deck: paving, waterproofing, substructure, drainage, bronze light fixture repair, Monument accent lighting			■														
4) Stairs: Paving, Waterproofing, Substructure, Drainage			■														
5) Sphinx restoration				■													
6) Urn restoration				■													
7) Planter restoration: stone repair, waterproofing, structure, drainage			■	■													
8) Existing museum restoration (exterior): stone repair, doors, windows, ceramic tile, light fixtures, roofing			■	■													
9) Existing museum restoration (interior): finish surface repair, MEP			■	■													
10) Tower restoration: stone repair, roofing, observation area, interior finish repair, stair repair, elevator upgrade, MEP, steam “flame”				■	■												
11) Fountain restoration: stone repair, ceramic tile repair, waterproofing, plumbing, lighting					■	■											
12) Memorial wall restoration: structure, stone repair, metal reliefs, waterproofing					■	■											
13) Code analysis: ADA access, Uniform Building Code and KC amendments, NFPA, zoning					■	■											
14) Status report/workshop with parks staff					■												
Liberty Memorial facility program plan:																	
1) Establish design goals				■													
2) Parks staff workshop/findings review				■													
3) Data tabulation/evaluation				■													
4) Follow-up questions resolution				■													
5) Draft Liberty Memorial facility program					■												
6) Prepare construction cost estimate					■												
7) Prepare funding recommendation report					■												
8) Staff present/discussion					■												
9) Incorporate staff recommendations					■												
10) Present to Board of Parks & Recreation Commissioners					■												
11) Present to neighborhood organizations						■											
12) Present to City Council						■											
13) Public/media presentation						■											
Final design development								■	■	■	■	■	■	■	■	■	
Sources: Project Services Schedule (8/25/95), ASAI; and Project Services Schedule (11/6/95) ASAI.																	

Sources: Project Services Schedule (8/25/95), ASAI; and Project Services Schedule (11/6/95) ASAI.

Exhibit 9. Comparison of ASAI Proposed and Adopted Schedules of Service Continued

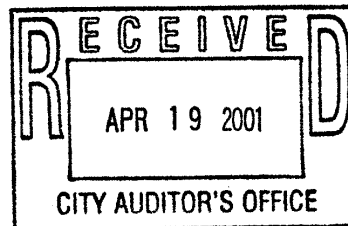
Adopted Project Services Schedule (11/6/95)	Time to Accomplish (Month)				
	...	14	15	16	17
Final design development					
1) Liberty Memorial facility program plan					
2) Evaluate preservation issues					

Appendix C

Director of Parks and Recreation's Response



Inter-Departmental Communication



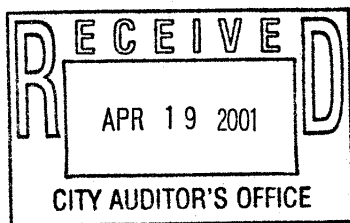
Date: April 19, 2001
To: Mark Funkhouser, City Auditor
From: Terry R. Dopson, Director, Parks, Recreation and Boulevards
Subject: Liberty Memorial Audit

Attached is the Department of Parks and Recreation's response to the audit report of the Liberty Memorial.

Sincerely,

TERRY R. DOPSON^{BY}
Terry R. Dopson
Director
Parks, Recreation and Boulevards

A handwritten signature in black ink, appearing to read "Terry R. Dopson", written over the typed name.



**Parks and Recreation
Response to Audit Report on Liberty Memorial
April 2001**

We are very disappointed with the poorly documented conclusions and one-sided recommendations in the audit report on the Liberty Memorial project. We recognize that the auditor has expended an enormous amount of resources on this audit, and accordingly, should have reported more accurate evidentiary information to support the conclusions and recommendations in the audit report. Instead, the audit report is replete with observations and accusations that demonstrate the limited experience of the audit staff on issues involving the planning and design of construction projects. Due to the technical complexity of the Memorial project, it was critical that the auditor employ the proper resources and expertise while performing the audit. The report shows limited understanding of factual and technical issues and perhaps predetermined bias in the conclusions based upon those factual and technical issues involved in construction projects. Worst of all, the effect of this audit report may be to diminish the public's opportunity to recognize and enjoy a National Treasure.

The auditor states that the "...audit was designed to answer the following questions:

- Do the Parks and Recreation Department's accounting processes ensure that sales tax money is spent only for restoration and maintenance as required by ordinance?
- Has the Parks and Recreation Department followed a process to ensure that the planned museum expansion will not harm the historical integrity of the monument?
- Has the Parks and Recreation Department developed a business plan to ensure that general fund operating subsidies will not be required to operate an expanded museum?

We submit that the auditor's report, when read together with this response, clearly demonstrates that the answers to questions one and two are a resounding "YES" and the answer to question three is "ALREADY IN PROGRESS!"

The written report infers several missteps on the part of Parks and Recreation. These inferences are derived from a process that neglects to include relevant information, or employs bits of information that were used selectively or out of context. The auditor developed a "timeline" of events, based on bits and pieces of documentation, while refusing to consider substantial documentation that would mitigate concerns over the decisions made and processes followed during the project's various stages. The auditor's report is composed of a lot of hindsight, second-guessing and substitution of judgment about decisions made by professional staff and consultants regarding the planning, funding, design and construction of this project.

The “findings” in the audit are found throughout pages 5 through 30. We have attempted to organize our responses based on each “finding” as we have identified its importance. Our bolded headers reflect the Parks and Recreation Department’s response to a finding. At the end of this response, we respond to the auditor’s recommendations.

Findings.

COLUMN REPLACEMENT IS PART OF MEMORIAL RESTORATION. The Department disagrees with the finding that any funds from sales tax dollars have been improperly spent on column replacement. Design professionals, structural engineers and federal and state agencies monitoring the restoration project have approved the current plan for restoration.

Restoration of a historic structure includes not only the rehabilitation of the current structure, but also includes all necessary work to bring that historic structure to current building code requirements for seismic and structural soundness and Federal American Disability Act. It can include changes made which do not alter the integrity of the structure but do strengthen it. Adaptive reconstruction, for our bookkeeping purposes, is all work beyond the restoration footprint and serves ONLY to adapt the structure to expansion.

The auditor concludes inaccurately that columns supporting the structure were replaced primarily to provide space for museum expansion, and that replacement substantially increased construction costs. Then the auditor reports his conclusion that columns could have been repaired rather than replaced, based on an early, limited engineering report. From there he jumps to the conclusion that these early cost estimates are accurate in estimating construction costs years later and therefore costs in excess of those early amounts should be considered only as preparation for the expanded museum.

We explained to the auditor that there was more than one way to restore the Memorial. The Norton and Schmidt report from 1995 which the auditor uses as his sole source of reference for restoration and related costs, reported only one approach to restoration, and not necessarily the best approach due to limited information. In one section of the Norton and Schmidt report, Phase II, page 14, it says, “**visual observations were performed with binoculars.**” On page 13, the report says, “**access within the void below the structure supporting the stairs is extremely limited.... No testing was performed at the supported concrete structures.**” On page 24, the Norton and Schmidt report states that it did not include costs to bring the structure to current code requirements. Additionally, the report did not include other costly aspects of restoration, including restoring the murals. These lines demonstrate that in preliminary reports such as the one performed by Norton and Schmidt, many issues were not resolved. The auditor concludes, later in the audit report, that the current business plan for the Liberty Memorial is outdated because it was prepared in the mid 1990’s. The same is true of the Norton and Schmidt report. Much information changed after the Norton and Schmidt report was finished, and those changes guided the Parks and Recreation staff **and the design team** in their decision-making. Subsequent information from the architect, other

professionals and the contractor-advisor regarding the condition of columns provided evidence that the best course of action for many reasons is to replace several of the columns. Further, it would have been extremely irresponsible for the Park Department to assume that figures derived from this very early report represented total project costs.

(The cost of the entire project increased dramatically since that early report.) The City Auditor was present during a report made to the City Council in March 2000. Michael Skeens of the Bob D. Campbell structural engineering firm reported to the Council his professional structural engineering opinion that replacement of those columns was the best engineering option. This and other information provided later and better information than the earlier report. **Copies of two letters expressing this professional opinion were submitted to the auditor during the review phase of his audit, but he declined to accord them any weight in making his conclusion contrary to that of the professionals.** Other evidence was also ignored or disregarded.

To add further credence to our assertion, the report from ASAI, reproduced in part on page 11, mentioned that the expanded museum requires column free space, but it also reported that **“Several of the columns are approaching structural failure.** Because of THESE (caps are ours) factors, the observation deck structure and the exiting columns and beams underneath the observation deck will be replaced with new columns and beams in locations that respond to the new museum and exhibit design layout.”

The auditor eliminates THESE as a factor, and states that columns are being replaced primarily for the museum. In fact, they are being replaced because they were approaching structural failure, and it makes sense to place them in preparation for the museum. Could they have been repaired? Yes, anything is possible at a price. The Department **and design team concluded** at the time that the replacement cost was both a better option and not substantially different than repair. If the Department attempted to repair the unsafe columns, the endowment would perhaps be needed to repair them again in just a few years. Criticism then might be well justified. Based on additional information, including written reports from a structural engineering firm, Bob D. Campbell,¹ from 12/20/00 and 3/16/01, reiterating information previously provided to the Parks Department, there are several sound reasons for replacing the columns that are being replaced (many of those that were safe from weather damage are actually being repaired). Replacing the columns does not damage the integrity of the Memorial, and the State Historic Preservation Officer has approved the plans. Replacing columns “approaching structural failure” is a sound decision. Construction decisions are based on much more than one preliminary and outdated report, however factual it may have seemed at the time. The auditor concludes that because there was no **written** engineering report supporting the combined decision of the Department and design team to partially replace the columns, they were replaced primarily to provide space for the museum. Since no written report was required, and the decision was based upon reasonable professional judgment, we submit the auditor’s conclusion is a gross and unreasonable substitution of the auditor’s judgment for that of the Department and professional design team years after the design decisions were made.

¹ Letters from Bob D. Campbell, Attachment A

The method of restoration chosen was based upon a design team decision that used all available information about current code requirements, ADA requirements, structural soundness and safety. The audit report jumps around from one number to another that were provided in various documents, and makes assumptions based on a trail of those numbers. However, the audit sometimes confuses project cost estimates, budget numbers and fundraising estimates, then compares the contract file, and because some of these numbers were similar, leaps to the conclusion that costs of expansion were moved to restoration (p.14). This muddled attempt at cause and effect logic leaves out many details regarding project costs. The Department submitted substantial information evidencing its decision-making, but the auditor again ignored or rejected information contrary to his conclusions. **We strongly disagree that the only method of restoration was to repair columns, and that sales tax funds have been misused in replacing columns because there is convincing evidence that such replacement was a sound professional decision. The auditor should not substitute his judgment for professionals in their field of expertise.**

PARKS STAFF HAS ALWAYS PROVIDED COMPLETE INFORMATION ABOUT THE PROJECT.

In the audit report, Parks and Recreation staff are accused of providing incomplete information about the status of the project. The auditor provides three excerpts of Parks information beginning in February 2000, **none of which are incomplete.**

This accusation is based on the previous inaccurate "finding" of the auditor that columns could have been repaired rather than replaced, and the project costs would have been significantly less if they had been repaired.

In the first instance of alleged "incomplete" information cited as occurring February 2000, the report finds that Parks staff told the Mayor and City Council that the project would be built in two phases, and that phase I is restoration. As we stated then and now, restoration **includes** preparation for the museum, and the two activities cannot be separated for design and construction purposes, but are separated for bookkeeping and project management. Actual museum finishing and exhibits will not begin until phase II. However, to comply with the ballot language restricting use of the sales tax funds, the department pays for adaptive reconstruction from other accounts. These issues and the methods of accounting have been fully discussed with the City Council numerous times in council committee and business session meetings.

The next citation is as wrong as the previous ones. During the March 16, 2000 business session, the Department reported that the true cost of restoration is approximately \$34 million, which includes, among other things, both construction costs and architectural-engineering fees. The total cost of the whole project (which was awarded) is \$40 million, including both construction and architectural fees. The contract awarded to J.E. Dunn for construction was in the amount of approximately \$36.3 million, with about \$5.5 million in adaptive reconstruction. Architectural fees amounted to approximately \$3.7 million, a substantial amount of which was for restoration. Together, it is the Department's and the

design team's collective judgment that the restoration amount is approximately \$34 million. The audit report insinuates that because of the way the project was bid (i.e. that the architectural plans and bid documents did not require separate amounts), Parks Department staff and professionals could not ascertain the true cost of restoration. The auditor's conclusion is incorrect. It also assumes that prior to the commencement of construction, there was no discussion of cost allocation. The auditor knows this is untrue because **the Department requested that he assist us in determining the proper cost allocation procedure, which request he declined!** Now he disagrees with the method we developed and wishes to substitute his judgment. The issue of exact cost allocation did not have to be determined **BEFORE** the project was bid, but was rightfully determined by the department's professional staff, the architect and general contractor afterward. In accordance with the ballot language restoration and adaptive reconstruction have been made **separate** issues for record keeping and financial management purposes.

In the last instance reported in the audit; a letter to Dan Cofran, the attorney representing some members of HKCF, department staff truthfully wrote that restoration of the structure was not based upon the Norton and Schmidt report, but by field observation or testing by Bob D. Campbell and a decision of the design team. We have already shown in this response that the Norton and Schmidt report could neither be considered complete nor the sole basis for decisions. In fact, documentation from the architect in their first contract, states that "A-E shall provide a brief visual review of the field conditions to **verify** (bold is ours) if there are major variances to the report. Reviews subsequent to the report showed more column damage than expected, as well as other areas of concern. Again, due to limited understanding about the complexity of construction projects, and in spite of documentation from professionals to the contrary, the auditor has reported an inaccurate conclusion regarding staff completeness.

The auditor assumes the scope of work was still an issue in early 2000 when, in fact, the scope was already determined. The auditor told us that we should have informed the Council and others that the Norton & Schmidt report was an option. However, we used that 1995 report, as well as abundant additional information provided to us from consultants, contractors and professional staff to select the best restoration option, for safety, longevity, to meet code requirements, to use superior modern materials and for museum preparation. **None of the information presented was incomplete. We strongly disagree with this finding.**

WE DISAGREE WITH THE FINDING THAT THE "EARLY PROCESS WAS CLOSED AND EXCLUSIVE."

Page 3 of the audit report finds that "...voters approved an 18-month ½ cents sales tax to fund restoration and a maintenance endowment for the Liberty Memorial." The actual ballot language, as reproduced on page 7, shows that the funding for the maintenance endowment includes the "Memorial museum." The "Memorial museum" in the ballot language, as distinguished from the existing "Memorial," is public acknowledgement that the "Memorial museum" would be built, even if not with tax money from the election of

August 1998. This audit report, in narrative, fails to acknowledge this fact. This is important because in the report the auditor questions the extent of public knowledge about the museum expansion. The Parks and Recreation Department provided abundant information regarding public participation from the onset of the project, **which the auditor ignored, did not include in his proposed timeline, and then when confronted with the previously ignored facts, he eliminated the timeline as an audit document presumably because those ignored facts conflicted with his already drafted findings and conclusions.**

The auditor finds on pages 6 and 7 that “The City Council and voters clearly intended to restrict use of sales tax money for this project.” We assert that the “voters” were not given a chance to express their intent at all. A **resolution, number 950093**,² passed by the City Council in April 1995, resolved to allow voters to decide if the Memorial should be restored and the museum expanded. State enabling legislation, House Bill 88, (a Park funding resolution) for the City to ask voters for a revenue source to restore and expand the Memorial, passed on June 27, 1995, after receipt of that resolution. Numerous pieces appeared in newsprint, radio and television concerning these events. The restoration and expansion was widely publicized and the subject of a City Council resolution and even consideration by the elected officials in Jefferson City.

However, later, in 1998, the Council rejected the Parks Board’s suggested Resolution requesting a vote of the people, and passed a Committee Substitute for ballot language that removed museum expansion (although not from the endowment for museum maintenance). Based on ballot language we disagree that anyone knows whether or not the voters would have approved funding for museum expansion. They did not express one way or another their intent to use tax dollars to expand the museum, because this option was not offered to them on the ballot. It is an equally valid conclusion, and perhaps a conclusion better supported by evidence than that of the auditor, that based upon the polling data, the voters would have overwhelmingly approved the museum expansion (see discussion of polling data, *infra*). Nevertheless, **the Parks and Recreation Department provided abundant opportunities for public participation in the process.**

The audit reports that the “museum design proceeded without public discussion regarding the need for a museum and what it should cost to build and operate;” (p.5). We provided the auditor with substantial documentation (some of which is below) that the issue of museum expansion was very public, including articles in the press. Again, he chose to make this conclusion contrary to the evidence. **The audit infers that there was somehow a clandestine process taking place. That is false.**

The issues of restoration and expansion were actually discussed in public meetings on many occasions, and designs were presented at open meetings of the Board of Parks and Recreation Commissioners during their normal meeting times, which by Charter definition are public hearings. In our discussions with the City Auditor, we asked if we had violated any laws during our decision-making process to restore the Memorial and

² See a copy of the resolution, Attachment B

expand the Museum. The auditor said that, no, we had not. We further asked if we had violated any established protocol during the process, and we were again told that we had not. **The auditor told us that since it was such an “emotional issue,” we should have followed other processes.**

In fact, we presented documentation to the auditors that the Department had massive public, business and community support for museum expansion to display the hundreds of artifacts collected over the years by the Liberty Memorial Association. The auditors told us they did not even speak to any member of the Association, though we suggested it on more than one occasion. Public support for an expanded museum began in the 1920s and gained momentum through the years as artifacts were collected and displayed at different sites around the city, including shopping malls. The Parks and Recreation Department showed the auditor a copy of a Capital Improvement request from fiscal year 1993 asking for funds for museum expansion.

Expansion has been a public issue nearly the entire 20th century. Our files contain a letter from Daniel MacMorris dated January 12, 1962 requesting restoration and expansion, and a design prepared in 1973 by Kiene and Bradley, an architectural firm, included space for a “science museum” in the space under the Memorial courtyard. In March 1998, (before the public vote) the Midwest Research Institute performed a citizen survey³ about the Memorial. Question 1 asked if they were in favor of restoring the Liberty Memorial....and expanding the Museum to include modern exhibits and an education center. Of 1,016 people polled, 806 responded that they were in favor, 63 said no, and 93 were undecided. This is over **79% in favor** of expansion. Question 2 asked if they would support a dedicated sales tax for restoration **and museum expansion**, and 594 said yes, 225 said no and 197 were undecided. These results indicated strong public support for these efforts. That support was demonstrated in the actual vote count, where 72 percent approved the sales tax.

We also provided the auditor a list of meeting times⁴ where department staff met with members of the preservation community about three dozen times throughout the process, beginning in 1995. This information also was omitted from the proposed timeline now omitted from the report. To expand the museum in unused space that would not despoil the integrity of the original Memorial has been and continues to be the logical course of action, discussed and encouraged by public supporters. The current restoration process would allow that to happen, whether it is accomplished by this generation or one to follow. As previously stated, Federal and State government agencies regulating restoration projects have accepted the current design as appropriate restoration.

Finally, on page 18, the audit report shows language from Section 106, showing stipulations requiring public participation for Federal grants. The requirement did not go into effect until we received the first Federal grant in 1999, and had nothing to do with earlier processes.

³ See a copy of the survey results, Attachment C

⁴ see list of times at the end of this response, Attachment D

During the initial planning of the project there was ample time and notification for those disagreeing with the issue of museum expansion to express their concerns. What is entirely absent in the audit is any evidence that anyone did so. The Historical Kansas City Foundation unanimously passed a resolution (March 1998) in support of the project – which they rescinded only recently (January 2001).⁵ Parks and Recreation staff could not have anticipated during the early planning stages of museum expansion, HKCFs withdrawal of approval, when virtually everyone supported the concept.

We feel that the auditor cannot reasonably conclude that the process was “closed and exclusive” when practically the entire state knew of the proposal. Literally thousands and thousands of people knew of and participated in this alleged “closed and exclusive” process throughout Kansas City and the State of Missouri.

WE DISAGREE THAT “RESTORATION WAS DEFERRED WHILE THE DEPARTMENT FOCUSED ON THE NEW MUSEUM.”

Another finding on pages 5, 23 and 24 is that “restoration was deferred while the department focused on the new museum...” The auditor assumed that was the case from the letter to the architect, taken out of context from the rest of events happening at the time.

The audit states, “*After the Board selected ASAI as the project architect in July 1995, the scope of services was changed to focus on expanding the museum.*” The scope of services that was sent in May 1995 to every respondent to the published RFP clearly stated that the museum was to be included in the proposals. The scope was not changed from the time the May 1995 letter was sent.

The project was appropriately designed from the inside out, in a holistic design process so that the two primary elements, restoration and museum, would be compatible. In order to properly design a project, it is necessary to study the unknowns first, then proceed to the known factors. Once the preliminary schematics of the museum were known, the actual restoration documents could proceed without duplicating efforts that would have occurred had the restoration design preceded the museum component, as the auditor suggests. We have told the auditor that work on the support structure of the Memorial and preparation for the museum are not two distinct projects; they are one in the same. **This finding shows limited knowledge of design processes, and indicates that the auditors have no qualifications to conduct an audit of this nature.**

WE DISAGREE WITH THE INFERENCE THAT A RESTRICTION ON ONE FUNDING SOURCE SHOULD CHANGE THE PLANNING, DESIGN, AND/OR CONSTRUCTION OF THE PROJECT.

To continue about the issue of sales tax money, the auditor finds that “Restriction on the use of sales tax money did not change the department’s project planning or management.” (p.7). Many projects have more than one source of funding, but funding

⁵ see a copy of both resolutions, Attachment E

sources rarely dictate planning, which should maximize the use of all available funds, for activities related to specifying, bidding, designing and constructing the overall project.

However, the restriction on the use of sales tax funds, as well as the restrictions on other funding sources, has strongly affected record-keeping and financial management, both by Parks and Recreation and the architect and general contractor. We have demonstrated to the auditor that the department's staff manages these issues completely within compliance of all our funding sources.

The auditor states that "Parks Developed Cost Allocation Method After The Construction Contract Was Awarded." Since sales tax money is being spent only for restoration, we fail to see the issue in this finding

To explain further, we knew prior to start of construction from discussions with contractors and architects that restoration work would cost approximately \$34 million. There was and is no restriction on the use of funds provided by the State of Missouri or by the Federal government. Nor does the auditor allege that. Since, only \$30 million of the \$40 million was restricted, we believed, and continue to believe, that we have complied with the ordinance restricting the use of sales tax money. The "restriction..." on the sales tax funding correctly did not change the department's project planning, but did affect its management. To have specified and bid the project as the auditor suggests would have added **unnecessary costs** and burdened designers and contractors. The auditor suggests that entirely new designs should have been prepared, separating restoration and the expanded museum. One project is not exclusive of the other, so two separate designs are not possible. Additionally, we had to have the contractor on board to know his bidded schedule of values to separate the costs. We could not have separated them before the contract was awarded. Nor did we need to. **Funding sources affect project management, but not planning, design and project construction. The Parks and Recreation Department has appropriately separated and is managing these issues.**

WE DISAGREE WITH THE AUDITOR THAT "THE PARKS AND RECREATION DEPARTMENT'S METHODS TO ACCOUNT FOR LIBERTY MEMORIAL PROJECT EXPENSES DO NOT ENSURE THAT SALES TAX MONEY IS SPENT ONLY FOR RESTORATION."

This is basically the same issue as the preceding one. Even though we knew that restoration would require approximately \$34 million; more funds than the sales tax money provided, we have separated restoration and adaptive reconstruction costs. We are paying for adaptive reconstruction work from accounts other than the account containing the sales tax funds. As stated at the beginning of this response, restoration is defined as repairing the original structure, while complying with today's building codes, seismic and ADA requirements. Allowed within the definition of restoration are changes that would strengthen the structure and meet modern building requirements. Adaptive reconstruction, for our billing purposes, is construction that adapts the structure to museum expansion and goes beyond the footprint for restoration. Admittedly, we were

working with the architect and other design professionals to prepare a proper method of cost differentiation (recall the auditor declined to participate or assist). As soon as the method was completed, the first three construction draws were properly reallocated and all funds properly accounted for.

The audit report spends quite a bit of audit space on this finding throughout the 25 or so “findings..” pages, and auditors apparently spoke with accountants regarding this issue. However, we don’t know what questions were asked, or how they were phrased, so we don’t really know if those they spoke with understand what happened in this particular case. Sometimes providing a “what if....” scenario is intended to extract precisely the response sought. In our view, that is what occurred when the auditor spoke with “KPMG and the city’s commissioner of accounts.”

The auditor’s suggestions are merely that: suggestions. His suggestions are neither legally required nor based upon professional accounting expertise. Further, they would add unnecessary expense and complexity.

BID DOCUMENTS DID NOT UNDER-SPECIFY RESTORATION.

In a related issue, on page 25, the report says that bid documents under-specified restoration. As evidence, the auditors quote a letter written by a consultant that indicates deficiencies in documents of the project architect. The auditors do not acknowledge that the architect quickly corrected those deficiencies to the satisfaction of all involved. Parks and Recreation went to extraordinary lengths to ensure that the public was getting a top quality project, and this is confirmed in many documents from consultants reviewing the plans.

On page 19, the audit report shows a newspaper clipping of the Request for Proposals for design work on the museum. Although we explained to the auditor that newspaper ads do not usually include the entire specifications of a project, this still seems to be a finding. We provided the auditor a copy of a letter of May 1995 addressed to architects and engineers who had expressed interest in the project, more fully describing the specifications. The relevance of this finding escapes us.

We assert that professional staff and consultants determined the best, most useful, efficient and cost-effective method of restoring the Memorial with the expansion of the museum in mind, and with current building codes and other considerations as well. **We do not agree that restoration was deferred or under-specified, and don’t quite understand the issue in this finding, and it appears to us that the auditor is trying to make a finding where none exists.**

WORK TO DEVELOP AN UP-TO-DATE BUSINESS PLAN IS IN PROCESS.

The audit report says that Parks and Recreation does not have a “credible” business plan. The Department is, and has been long before the auditor decided to perform his “audit,” in the process of contracting with a consultant to develop an up-to-date business plan. For example, **the desire on the part of the Parks Department for a new business plan (which was first conceived about the time the new Parks Board took office) was discussed with the City Council in March of 2000.** Nevertheless, it is debatable whether or not the current one, developed by Midwest Research Institute in 1996, is “credible.” MRI is a nationally recognized entity that performs this type of planning throughout the country. However, premises assumed at the time the plan was developed have changed, and in response to concerns of the Board of Parks and Recreation Commissioners the Department will soon have another plan. This would have occurred in the absence of an audit, and is not a result of such. We are updating the business plan, just as we got updated information after the Norton and Schmidt report. **We are performing this task, and the finding has no impact on Departmental actions. It is important to note that the auditor omitted from mention in his report any discussion of the fact that a new business plan was already in the works by the Department before he decided to perform the audit. This is one more instance of a significant fact being omitted or ignored!**

HISTORICAL INTEGRITY OF THE MEMORIAL IS PROTECTED.

Finally, on page 16, the report acknowledges the most important fact in the whole report, that the Board of Parks and Recreation Commissioners has taken steps that should protect the historical integrity of the Liberty Memorial. However, it goes on to infer that this is true only because public input is at last being allowed. We have taken steps to protect the historical integrity of the Liberty Memorial throughout the process, including the many meetings with the preservation community prior to the federal requirements for them, and we have involved the public throughout the process. As reported earlier in this response, **WE STRONGLY DISAGREE THAT THE PROCESS AT ANY POINT WAS EXCLUSIVE.** We provided ample documentation that meetings were held, press releases provided and several other forums existed that encouraged public input into the process. Thus in the end result, even the auditor agrees that the answer to question two is “YES.”

Recommendations.

The recommendations in the audit report begin on page 30.

1. The director of Parks and Recreation should develop a cost allocation plan to ensure that sales tax money is spent only for restoration and future maintenance as required by ordinance. **The Department already has a cost allocation plan that is based on the**

best information available from the contractor and architect and is consistent with industry standards, and that ensures the appropriate use of sales tax money, whether or not the auditor agrees with it. There is no reason to accord his judgment more weight than the professionals making the first decision.

2. The director of Parks and Recreation should repay the sales tax account for the cost difference between restoring the Memorial and simultaneously preparing the museum shell. **The Department disagrees that any funds whatsoever have been misspent. The argument revolves around the auditor's limited definition of restoration, allowing only one possible method of restoring the Memorial, listed in a preliminary report. The Memorial is being restored in a superior manner, based upon professional judgment and sales tax money is being used only for restoration.**

3. The director of Parks and Recreation should develop a business plan for the expanded museum and determine the level of operating subsidy that will be required and potential sources of funds. **The Department has a plan, is in the process of having a more current one developed, and was before the audit was started. This was being done in response to concerns by the Board of Parks and Recreation Commissioners, and not because of the audit.**

4. The director of Parks and Recreation should engage the Board of Parks and Recreation Commissioners, the mayor and the City Council in an open, public discussion about whether to build an expanded museum and how to fund its capital and operating costs. **The Department, along with other stakeholders, has done this continuously throughout the 20th century. Voters were deprived the choice of spending sales tax funds to construct the expansion in the 1998 election (although ballot language included the museum in the use of sales tax money for the endowment). But the issue of expanding the museum has been discussed in great detail over many years. However, communication is always beneficial, and the Board of Parks and Recreation Commissioners is always willing to communicate with the City Council in every way possible. We disagree with the finding that resulted in this recommendation, and with the recommendation.**

In conclusion, at the beginning of his audit report, the auditor stated that the "...audit was designed to answer the following questions: ~


- Do the Parks and Recreation Department's accounting processes ensure that sales tax money is spent only for restoration and maintenance as required by ordinance?
- Has the Parks and Recreation Department followed a process to ensure that the planned museum expansion will not harm the historical integrity of the monument?

- Has the Parks and Recreation Department developed a business plan to ensure that general fund operating subsidies will not be required to operate an expanded museum?

We again submit that the auditor's report, when read together with this response, clearly demonstrates that the answers to questions one and two are a resounding "YES" and the answer to question three is "ALREADY IN PROGRESS."

Substantially all of this response and all of the exhibits were submitted to the auditor as a part of his review process. He had an opportunity to consider them and left his report substantially unchanged. We regret that he chose to ignore the substantial weight of the evidence and find against the opinion of professionals in their field of expertise.

ATTACHMENT A

 Structural Engineers – Since 1957 4338 Belleview Kansas City, MO 64111 (816) 531-4144 FAX (816) 531-8572	BOB D. CAMPBELL & CO., INC. Chief Executive Officer William J. Campbell, P.E. President Michael J. Pope, P.E. Vice President Robert E. Campbell, P.E. Vice President Mark H. Bracken, P.E. Vice President John S. Johnson, P.E. Steven R. Carson, P.E. Richard D. Greenlee, P.E. Administrative Manager Paul M. Soana
December 20, 2000	
Mr. Steve Abend ASAI 1200 Grand Boulevard Kansas City, MO 64106	
Subject: Liberty Memorial Restoration and Rehabilitation	
Dear Steve:	
<p>Let me reiterate the need to remove and replace the original columns supporting the observation deck during restoration and rehabilitation of the historical and architecturally prominent Liberty Memorial. Replacement of the unsafe deteriorated original deck is paramount to restoration of the Memorial and all the evidence suggests that the supporting columns are likewise deteriorating in a non-reversible progression. While the final decision to remove and replace these columns was based upon sound engineering judgement, it was not a unilateral decision of the structural engineer, but a design team effort relying heavily upon the owner's construction management team and their cost analysis.</p>	
<p>Reasons for removing and replacing the supporting columns of the Liberty Memorial observation include but was not limited to the following:</p>	
<ol style="list-style-type: none">1. Norton & Schmidt's two phased report of Condition Survey. Our independent condition survey confirmed deteriorated conditions seriously affecting structural integrity, perhaps even more severe than reported earlier by Norton & Schmidt.2. Typical column reinforcement does not meet minimum requirements of good engineering practice nor current code requirements. Reference Uniform Building Code Chapter 26, Section 2610(j)1.3. No column seismic resistance as required by current codes. Code required seismic retrofiting would be very costly. Reference Uniform Building Code Chapter 23, Section 2330-2338.4. Marginal column capacity to support original, very lightly framed deck. Original 4 1/2" ± concrete deck was non-compliant with current code thickness and live load requirements.5. Inadequate column capacity to support heavier replacement deck required to support code required live load (100 psf), roofing, insulation and pavers planned for new observation deck.6. Obvious deteriorated condition after 75 years of only minimum maintenance; see attached photographs.7. Observed failure in several locations; see attached photographs for examples.8. Inadequate column capacity for support of needed intermediate level for exhibits, storage, etc. Reinforcement would be very costly.9. Original construction of poor quality by current ACI standard of concrete construction practice with inadequate protective cover over rebar (often exposed) required for fire rating and corrosion resistance.10. Existing column layout (spacing) not conducive to desired and much needed museum space and support functions.	
<div>100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%</div>	

Mr. Steve Abend
December 20, 2000
Page 2

Observations during current demolition and re-construction appears to confirm this decision to be correct as evidenced by

- Fractured columns / tie beams,
- Severely spalled concrete from corrosion related deterioration, and
- Ties, stirrups and main reinforcement exposed in isolated locations that are completely rusted through and severed.
- See attached photographs for illustration.

Finally, the limitations and restriction of design professional responsibility and liability insurance coverage would be difficult to assign at best if structure support was not also replaced, and would obviously require extensive hold harmless and indemnification of the design professional by the owner.

As the work is currently progressing as planned, designed and approved for construction, I trust this refresher will put this issue to rest once and for all time.

Sincerely,

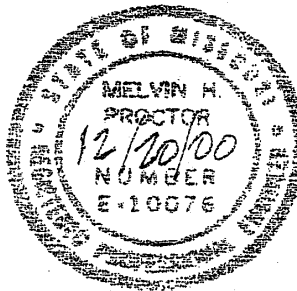
BOB D. CAMPBELL AND COMPANY
Structural Engineers

Melvin H. Proctor
Melvin H. Proctor, P.E.

MHP/kn

cc: Greg Schultz
File / ASA9504

Attachment: Recent Demolition Photographs



December 20, 2000

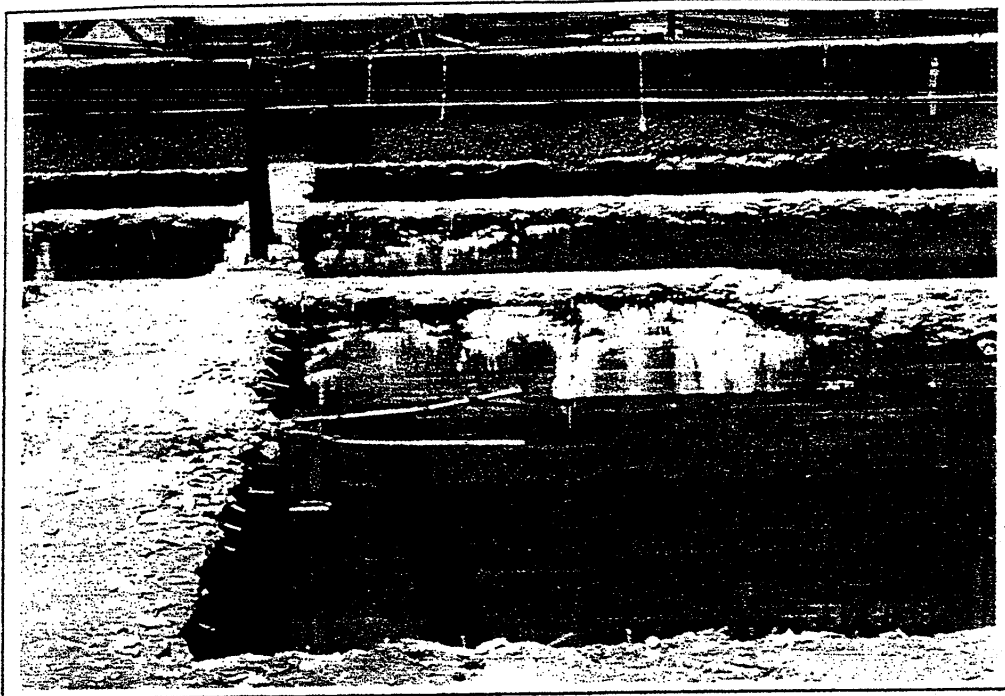


Photo #1: View of top deck condition (severely deteriorated) as demolition progressed.

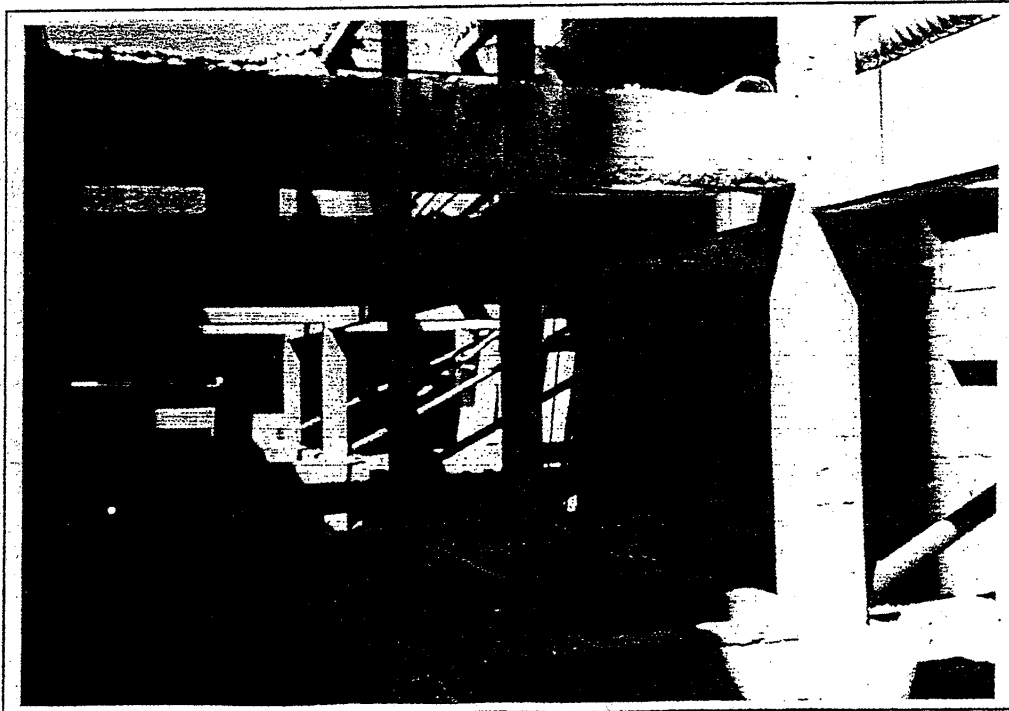


Photo #2: View of typical intermediate level column tie beam deterioration and column spalls from rebar corrosion taken as demolition progressed.

Liberty Memorial Restoration and Renovation
December 20, 2000

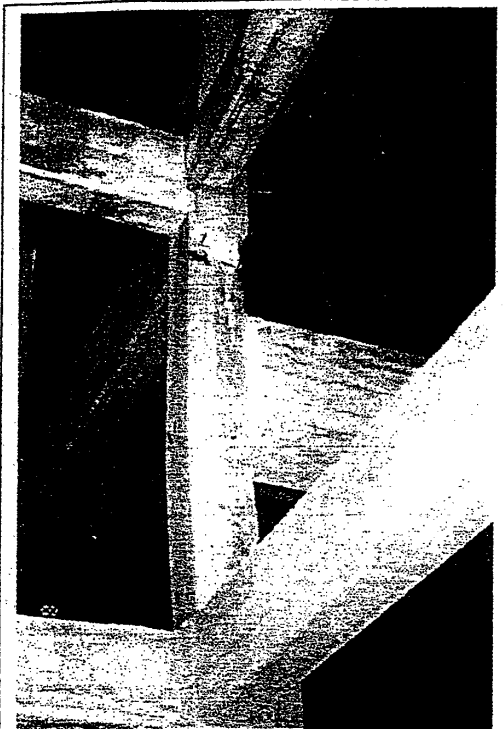


Photo #3: Shear and flexure failure of column; note top of column just under tie beam.

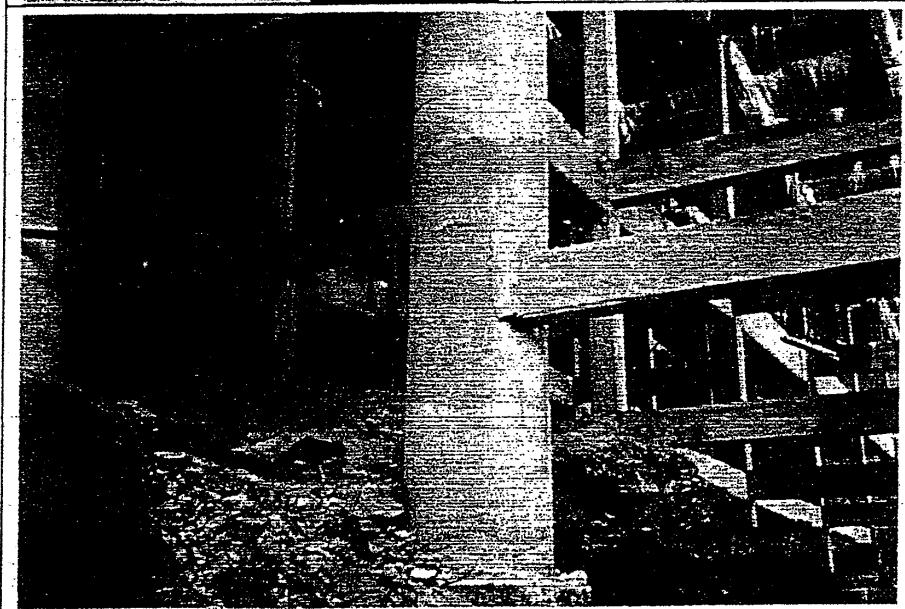


Photo #4: Note tie beam fracture at column connection. This particular massive column under Memory Hall must be restored, however the stair support beam must be removed and replaced. Also note stalactites and efflorescence on columns and beams in background confirming contamination and ongoing corrosion-related deterioration.

Liberty Memorial Restoration and Renovation
December 20, 2000

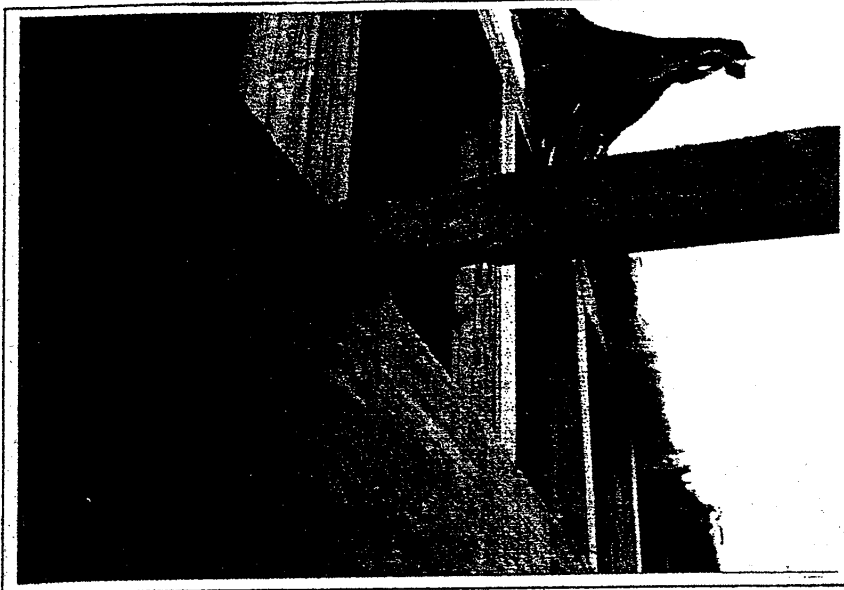


Photo #5: View of column tie beam shear failure that became visible as demolition progressed. Tie beams provide lateral support of columns thereby reducing column slenderness, which could potentially fail columns in buckling rather than axial stress.

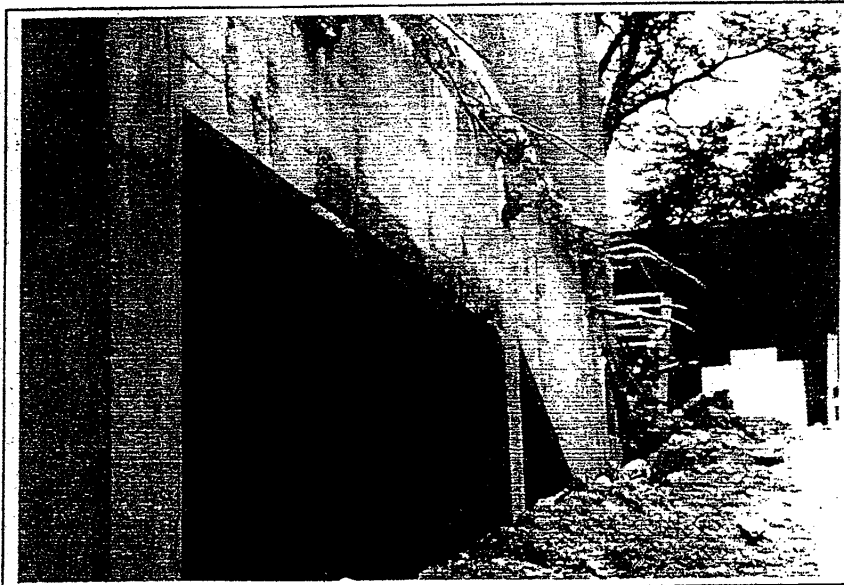


Photo #6: Example of severe rebar corrosion exposed during demolition. This particular member has to be repaired at any cost to retain integrity of original southwest planter above.



Structural Engineers - Since 1957

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BOB D. CAMPBELL & CO., INC.

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Michael F. Quinlan P.E.
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Lee S. Johnson P.E.
Steven R. Garret P.E.
Richard C. Crabtree P.E.

Administrative Manager
Dana M. Spauld

March 16, 2001

Mr. Steve Abend
Abend Singleton Associates
1200 Grand Avenue
Kansas City, Missouri 64106

Re: Liberty Memorial

Dear Steve:

At the owner's request through your office, we have re-visited the design team's decision early in design stages to remove and replace existing columns supporting the observation deck. The observation deck obviously required complete removal and replacement per recommendation #2, on page 15 of the Norton & Schmidt Phase I report. The Norton & Schmidt Phase I report also recommended, per recommendation #3 page 15, removal and replacement of the top tier of each of these supporting columns. I have now completed that structural related task by re-analyzing the existing typical structural system as shown on the original plans and, in my professional judgement, confirmed unequivocally that the design team's original decision was and is correct.

This re-analysis and evaluation of the existing sub-structure (column, tie-beams, etc.) beneath and supporting the observation deck has been performed in light of current building code requirements. Thus, the current building code is the standard by which the original structure is judged, and determined to be grossly deficient in the following areas:

1. Inadequate structural capacity of columns to support even gravity loads without other forces taken into account. This is based upon a design compressive strength of 3,000 psi for the existing concrete as suggested in the Norton & Schmidt report. Observation of recent observation deck and selected column demolition indicates the original concrete was of very poor quality and of doubtful 3,000 psi strength.
2. Inadequate reinforcement for column sizes. The amount of reinforcing steel varied from less than 1/2 of 1 percent of the gross cross sectional area to about 0.9 of 1%, which is substandard. The UBC (91) and current ACI 318, paragraph 10.9, requires a minimum of 1% steel reinforcement in all columns. Otherwise, a reduced column section of equivalent 1% steel reinforcement may be used for analysis; hence, the column capacities are inadequate.
3. Lap splices indicated on the original drawings are substandard for development lengths of reinforcing steel. The original reinforcing lap splice length called for was less than 50% of current code requirement for deformed bars. Making matters worse, the original bars are smooth without deformation.

MEMBERS: NSPE PLT PE ASPE CECMO ACE AME ICMA CSI ASCE ACI PCI PTI AWS

Mr. Steve Abend
March 16, 2001
Page 2

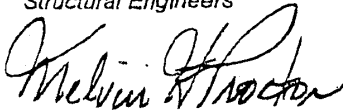
4. There was no provision for lateral load due to earth pressures on the south face of the foundation walls. The failure noted in Norton & Schmidt's reports was probably a direct result of these lateral earth pressures. Our personnel also observed, before demolition commenced, that the expansion joint between the Memorial Tower and the surrounding observation deck was closed at the south-southwest side and fully open 2 to 2-1/2 inches at the north-northeast side. This suggests that the Memorial Tower structure was actually resisting the lateral loads of the otherwise unbraced sub-structure system. The expansion joint that surrounded the tower suggests the tower was not intended to resist such loads.
5. Framed joints (i.e. tie beams to columns at intermediate levels) are grossly inadequate as a moment resisting frame to resist lateral loads of earth pressure, wind, and/or earthquake forces. Consequently, the system had no level of lateral restraint and / or earthquake resistivity. Furthermore, the critical joints had inadequate shear capacity and no toughness desirable with earthquake resistivity.

In conclusion, considering the above deficiencies in conjunction with the observed state of deterioration, observed poor quality of existing concrete materials (compared with today's technology) and the impracticality of selectively demolishing the observation deck while salvaging the poor quality and deteriorating sub-standard sub-structure, it was believed most prudent to completely remove the original sub-structure and replace it rather than reinforcing it. However, if the existing sub-structure had been salvaged, it would have required extensive reinforcement at a cost very close to that of replacement of the entire substructure.

If there are any questions, please call me.

Sincerely,

BOB D. CAMPBELL & CO., INC.
Structural Engineers



Melvin H. Proctor, P.E.

MHP / km

cc: Scott Vath / J. E. Dunn Construction Company
Greg Schultz / ASAI

ATTACHMENT B

RESOLUTION NO. 950093

Increasing the list of the City's state legislative priorities by adding one new priority which supports enabling legislation to benefit the Liberty Memorial.

WHEREAS, the Liberty Memorial is in dire need of repairs and the voters of Kansas City should be allowed to decide if they want to restore and expand the Liberty Memorial through a dedicated revenue measure; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

That the City Council of Kansas City hereby adds the following state legislative priority to its list:

DIRECT BENEFIT TO KANSAS CITY

18. Liberty Memorial - support enabling legislation for a levy or other dedicated revenue authority to restore and expand the Liberty Memorial.

RULES + ADD

passed
4/6/95
Thomson

ATTACHMENT C

Decision Insight, Inc. - Midwest Research Institute Liberty Memorial Polling Survey - March 1998

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Banner1

Table Q1 Page 1.....	Q1. Are you in favor of restoring the Liberty Memorial located in Penn Valley Park and expanding the Museum to include modern exhibits and an education center?
Table Q2 Page 2.....	Q2. If given the opportunity, would you vote in favor of a dedicated sales tax to provide public financing for the restoration of the Liberty Memorial and Museum expansion in the August 4 election?
Table Q3 Page 3.....	Q3. If you knew that the Liberty Memorial restoration and Museum expansion would be financed by a combination of private donations and public funding, would you vote to support a sales tax for public funding in the August 4 election?
Table Q4 Page 4.....	Q4. Which of the following possible sales tax and time limit combinations would you favor for funding the Liberty Memorial restoration and Museum expansion?
Table Q5A Page 5.....	Q5A. How would you rate the usefulness of NEWSPAPER ADVERTISEMENTS as a source of information about ballot issues?
Table Q5B Page 7.....	Q5B. How would you rate the usefulness of NEWSPAPER ARTICLES as a source of information about ballot issues?
Table Q5C Page 9.....	Q5C. How would you rate the usefulness of RADIO ADVERTISEMENTS as a source of information about ballot issues?
Table Q5D Page 11.....	Q5D. How would you rate the usefulness of TELEVISION ADVERTISEMENTS as a source of information about ballot issues?
Table Q5E Page 13.....	Q5E. How would you rate the usefulness of DIRECT MAIL (BROCHURES OR LETTERS) as a source of information about ballot issues?
Table Q5F Page 15.....	Q5F. How would you rate the usefulness of A TELEPHONE CALL FROM SUPPORTER as a source of information about ballot issues?
Table MEAN Page 17.....	MEAN SUMMARY TABLE - Usefulness of sources of information about ballot issues
Table BOT_3 Page 18.....	BOTTOM 3 BOX SUMMARY TABLE - Usefulness of sources of information about ballot issues
Table TOP_3 Page 19.....	TOP 3 BOX SUMMARY TABLE - Usefulness of sources of information about ballot issues
Table Q6 Page 20.....	Q6. Are you a veteran?

Decision Insight, Inc. - Midwest Research Institute Liberty Memorial Polling Survey - March 1998

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Table Q7 Page 21.....Q7. Which of the following categories does your age fall into?

Table Q8 Page 22.....Q8. GENDER

Table Q1 Page 1
Mar. 10, 1998

Decision Insight, Inc. - Midwest Research Institute Liberty Memorial Polling Survey - March 1998

Q1. Are you in favor of restoring the Liberty Memorial located in Penn Valley Park and expanding the Museum to include modern exhibits and an education center?

	GENDER			VET STATUS		AGE					COUNTY		Q1. IN FAVOR OF RESTORING			Q2. WOULD YOU VOTE IN FAVOR/SALES TX			Q3. SUPPORT TAX IF PUBLIC & PRIVATE		
	TOTAL	MALE	FEMALE	VET	NON-VET	18-34	35-44	45-54	55-64	65+	JACK-SON	CLAY	YES	NO	DK/UNDEC	YES	NO	DK/UNDEC	YES	NO	DK/UNDEC
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)
TOTAL	1016	606	410	382	633	35	125	186	186	482	806	210	860	63	93	594	225	197	133	170	119
Yes	860	509	351	326	533	26	105	154	154	420	685	175	860	-	-	561	140	159	114	102	83
	84.6%	84.0%	85.6%	85.3%	84.2%	74.3%	84.0%	82.8%	82.8%	87.1%	85.0%	83.3%	100%			94.4%	62.2%	80.7%	85.7%	60.0%	69.7%
										f						QR		Q	TU		t
No	63	46	17	27	36	7	4	8	15	29	50	13	-	63	-	8	53	2	7	43	5
	6.2%	7.6%	4.1%	7.1%	5.7%	20.0%	3.2%	4.3%	8.1%	6.0%	6.2%	6.2%		100%		1.3%	23.6%	1.0%	5.3%	25.3%	4.2%
		C				GHij				g						PR			SU		
Don't know/Undecided	93	51	42	29	64	2	16	24	17	33	71	22	-	-	93	25	32	36	12	25	31
	9.2%	8.4%	10.2%	7.6%	10.1%	5.7%	12.8%	12.9%	9.1%	6.8%	8.8%	10.5%			100%	4.2%	14.2%	18.3%	9.0%	14.7%	26.1%
						j		J								P	P				ST

Comparison Groups: BC/DE/FGHIJ/KL/MNO/PQR/STU

Independent Z-Test for Percentages

Upper case letters indicate significance at the 95% level.

Lower case letters indicate significance at the 90% level.

Decision Insight, Inc. - Midwest Research Institute Liberty Memorial Polling Survey - March 1998

Q2. If given the opportunity, would you vote in favor of a dedicated sales tax to provide public financing for the restoration of the Liberty Memorial and Museum expansion in the August 4 election?

	GENDER			VET STATUS		AGE					COUNTY		Q1. IN FAVOR OF RESTORING			Q2. WOULD YOU VOTE IN FAVOR/SALES TX			Q3. SUPPORT TAX IF PUBLIC & PRIVATE		
	TOTAL	MALE	FMALE	VET	NON-VET	18-34	35-44	45-54	55-64	65+	JACK-SON	CLAY	YES	NO	DK/	YES	NO	DK/	YES	NO	DK/
															UNDEC						UNDEC
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)
TOTAL	1016	606	410	382	633	35	125	186	186	482	806	210	860	63	93	594	225	197	133	170	119
Yes	594	348	246	229	365	24	69	109	97	295	484	110	561	8	25	594	-	-	-	-	-
	58.5%	57.4%	60.0%	59.9%	57.7%	68.6%	55.2%	58.6%	52.2%	61.2%	60.0%	52.4%	65.2%	12.7%	26.9%	100%					
						i				I	L		NO		N						
No	225	153	72	88	137	6	29	43	52	95	167	58	140	53	32	-	225	-	47	153	25
	22.1%	25.2%	17.6%	23.0%	21.6%	17.1%	23.2%	23.1%	28.0%	19.7%	20.7%	27.6%	16.3%	84.1%	34.4%		100%		35.3%	90.0%	21.0%
			C						J		K		MO	M					U	SU	
Don't know/Undecided	197	105	92	65	131	5	27	34	37	92	155	42	159	2	36	-	-	197	86	17	94
	19.4%	17.3%	22.4%	17.0%	20.7%	14.3%	21.6%	18.3%	19.9%	19.1%	19.2%	20.0%	18.5%	3.2%	38.7%			100%	64.7%	10.0%	79.0%
			B										N		MN				T		ST

Comparison Groups: BC/DE/FGHIJ/KL/MNO/PQR/STU
Independent Z-Test for Percentages
Upper case letters indicate significance at the 95% level.
Lower case letters indicate significance at the 90% level.

ATTACHMENT D

Historic Kansas City Foundation Involvement Timeline

1995 - 1996

12/95 - 4/96

Informational interviews conducted by Staley/Robeson/Ryan/St. Lawrence, Inc., a fundraising consulting firm providing market research on the project; among the 65 personal interviews and 27 representatives of local organizations, Jane Flynn participated on behalf of the Jackson County Historical Society. *(See attached list of interview participants)*

1997

6/4/97

Presentation delivered to the Kessler Society; HKCF member Dona Boley serves as president of the Kessler Society.

10/20/97

Jane Flynn invited to join the Citizens Branch with first meeting on 10/24/97 to review plans and to help with fundraising; she agrees to serve on the Citizens Branch and attend first meeting. *(See attached copy of 10/20/97 letter, meeting roster sheet and note that she agrees to serve on the Citizens Branch)*

10/30/97

ASAI architect Steve Abend and Liberty Memorial Museum Director/Curator Doran Cart give a special tour to Jane Flynn; plans for expansion are reviewed. *(See attached copy of hand-written thank you note from Jane Flynn to Steve Abend)*

11/11/97

Kick-off breakfast held w/"Citizens To Save Liberty Memorial"; Jane Flynn among meeting attendees. *(See attached list of participants.)*

1998

1/98

Nomination prepared to include the Liberty Memorial on the National Trust for Historic Preservation's list of America's 11 Most Endangered Historic Places; nomination includes information on museum expansion; Jane Flynn reviews nomination and provides suggested corrections on 1/6/98. *(See attached draft with Jane Flynn's hand-written comments)*

Within the text of the nomination document, several issues to which Jane Flynn, on behalf of the HKCF, could have responded with concern, instead met with her approval. The answer to Question #9 offers detailed plans for expansion. Question #10 inquired as to "Who are the major players?", which presented the opportunity for Jane Flynn to identify the HKCF as a key contributor. Question #11 asks "Is there any opposition to the preservation of the site?" - not only does Jane Flynn not note any opposition, but she also approves of the answer that makes clear the intention for expansion. Considered such a relevant participant in the process, Jane Flynn is listed as one of the key contacts for the nomination. The Liberty Memorial Association submits the nomination via FED-EX on 1/8/98.

HKCF INVOLVEMENT TIMELINE/Page 2

1998 (continued)

- 1/16/98 Advisory for 2/5/98 meeting sent to Citizens Branch members, including HKCF members Jane Flynn and Lucinda Rice-Petrie; Citizens Branch Plan for restoration and expansion included in materials sent to members. *(See attached copy of advisory)*
- 2/98 Meeting rescheduled for 3/26/98; committee is contacted by phone.
- 2/20/98 Letter from the SHPO, Claire Blackwell, to Jane Flynn stating that the Liberty Memorial is eligible for listing in the National Register of Historic Places and suggestions for next steps in accreditation process including notifying the Park Board of the eligibility. *(See attached copy of letter)*
- 3/16/98 Advisory for 3/26/98 meeting is sent to Citizens Branch members; follow up calls made to confirm attendance - Jane Flynn to attend. *(See attached copy of advisory)*
- 3/19/98 Historic Kansas City Foundation votes in favor of a "Resolution in Support of Liberty Memorial Restoration and Expansion"; HKCF Board minutes in 4/98 show Jane Flynn and Lucinda Rice-Petrie working on resolution. *(See attached copy of resolution)*
- 3/26/98 Citizens Branch Meeting - Jane Flynn in attendance; construction update presented to members and expansion plans discussed *(See attached copy of agenda)*
- 4/24/98 Advisory for 5/14/98 meeting sent to Citizens Branch members *(See attached copy of advisory)*
- May - June 1998 Mailing list of Citizens To Save Liberty Memorial committee members provided to half-cent sales tax campaign staff; project updates and invitations to campaign events sent to distribution list, which includes Jane Flynn, Dona Boley and other HKCF members.

All committee members are provided with ballot language, background information, and Q&A addressing plans for restoration, sales tax, expansion and private funding.

-more-

HKCF INVOLVEMENT TIMELINE/Page 3

1998 (continued)

7/98 HKCF member, Lucinda Rice-Petrie, contacts Liberty Memorial Fundraising Director, Rose Armstrong, to schedule meeting with fellow HKCF member Sally Schwenk to discuss potential funds available for historic projects.

At the meeting, Rose Armstrong issues a request for Jane Flynn to prepare a brief summary in "lay" terms reflecting the pros/cons and procedures required relating to federal funding. Request is made in order to provide senior Parks and Recreation staff and Parks Board Commissioners with the appropriate counsel should Federal funding become available. *(Despite repeated requests for this summary from Jane Flynn, no information has ever been provided.)*

7/15/98 Presentation to Kessler Society, organization led by President Dona Boley, an HKCF member

8/4/98 Half-cent sales tax vote passes by 72% - extensive public coverage of project, including plans for expansion

1999

1/99 Dona Boley contacts Board of Parks and Recreation Deputy Director, Mark McHenry regarding preparing Millenium grant proposal to be submitted by Save Outdoor Sculptures; schedules meeting for 1/27/99 with Dona Boley and Sally Schwenk to discuss funding needs and grant request.

1/27/99 Dona Boley attends meeting at Parks & Recreation offices with Mark McHenry and Rose Armstrong; materials provided to Dona Boley include ASAI preliminary design book, which includes plans for expansion; discussion centers on restoration funding passed by voters and additional funding needed for museum expansion. Millenium grant proposal prepared by Dona Boley is sent via FED-EX to "Save America's Treasures" on 1/29/99

2/12/99 ^{3/25/99} Advisory for 2/25/99 meeting sent to Citizens Branch members. *(See attached copy of advisory)*

2/25/99 Citizens Branch Meeting; construction update presented to members and expansion plans discussed *(See attached copy of agenda)*

3/12/99 Advisory for 3/25/99 meeting sent to Citizens Branch members *(See attached copy of advisory)*

-more-

HKCF INVOLVEMENT TIMELINE/Page 4

3/25/99	Citizens Branch meeting; construction update presented to members and expansion plans discussed <i>(See attached copies of meeting agenda, the sub-committees assignment roster listing Jane Flynn on the Speakers Bureau and the meeting roster, which shows that Jane Flynn attended)</i>
4/21/99	Advisory of 4/29/99 meeting sent to Citizens Branch members. <i>(See attached copy of advisory)</i>
4/29/99	Citizens Branch meeting - committee established standing meeting every last Thursday of each month; construction update presented to members and expansion plans discussed <i>(See attached copy of agenda)</i>
5/20/99	Jane Flynn tours Liberty Memorial with Doran Cart, Greg Schultz and SHPO Laura Sparks; Following tour, project architects Greg Schultz and Steve Abend deliver presentation of complete plans to Flynn and Sparks at ASAI
5/27/99	Citizens Branch meeting - Jane Flynn attended; construction update presented to members and expansion plans discussed <i>(See attached copy of agenda)</i>
6/24/99	Citizens Branch meeting; construction update presented to members and expansion plans discussed <i>(See attached copy of agenda)</i>
7/1/99	Jane Flynn and Dona Boley copied on letter from the SHPO, Claire Blackwell, to Project Architect, Greg Schultz of ASAI; letter outlines next steps in 106 review process, including proof of public participation. <i>(See attached copy of letter)</i>
7/22/99	Citizens Branch meeting; construction update presented to members and expansion plans discussed <i>(See attached copy of agenda)</i>
8/26/99	Citizens Branch meeting; construction update presented to members and expansion plans discussed <i>(See attached copy of agenda)</i>
11/10/99	Jane Flynn and Dona Boley copied on letter from the SHPO, Claire Blackwell, to Irene Merrifield, Environmental Specialist for Burns & McDonnell, the agency conducting Environmental Assessment; letter states that project will have "no adverse effect." <i>(See attached copy of letter)</i>

-more-

HKCF INVOLVEMENT TIMELINE/Page 5

12/1/99 Jane Flynn and Dona Boley copied on letter from Cyd Millstein, historical architectural consultant, to the SHPO, Claire Blackwell; letter responds to actions taken on five stipulations issued in the 11/10/99 letter. *(See attached copy of letter)*

2000

1/00 Mark McHenry and Board of Parks and Recreation Executive Director, Terry Dopson, meet with Dona Boley and Jane Flynn to discuss issues of concern from the HKCF.

1/31/00 HKCF issues request to Advisory Council on Historic Preservation for involvement in project; while petition exceeds 30 days allotted by regulations to respond, issues are addressed out of courtesy to interested parties.

3/17/00 Design Review Committee meeting held; at the invitation of Commissioner Karen Daniel, Jane Flynn and Dona Boley attend meeting

###

ATTACHMENT E

HISTORIC KANSAS CITY FOUNDATION
RESOLUTION IN SUPPORT OF
LIBERTY MEMORIAL RESTORATION AND EXPANSION

Whereas, the Liberty Memorial, located in Kansas City, Missouri is the largest memorial and museum in the United States devoted exclusively to honoring those who served in World War One and

Whereas, the Liberty Memorial site was dedicated on November 1, 1921, at a ceremony which included the five significant Allied leaders of World War One and was officially dedicated by President Calvin Coolidge on November 11, 1926, and

Whereas, funding for the building of Liberty Memorial came from over 83,000 citizens from a city-wide effort to show appreciation for those individuals who served to preserve liberty and freedom and

Whereas, the physical condition of the Liberty Memorial requires serious repairs and for safety purposes has been closed to the public since November 8, 1994,

Whereas, the citizens of Greater Kansas City are again rallying to raise substantial funds to restore this significant memorial and expand the museum which is deemed by residents of Greater Kansas City and visitors from around the world to be an outstanding historical and educational resource for all people and

Whereas, the Missouri Department of Natural Resources -- Historic Preservation Program has given a preliminary assessment that the Liberty Memorial is eligible for listing on the National Register of Historic Places

Whereas, Historic Kansas City Foundation was founded in 1974 to preserve endangered buildings that are historically, culturally and/or architecturally significant

Whereas, Historic Kansas City Foundation at a Board of Directors Meeting held on March 19, 1998, unanimously voted in support of Liberty Memorial's restoration and museum expansion.

Now, therefore be it resolved that Historic Kansas City Foundation calls upon its members to assist in this restoration and expansion effort by declaring that Historic Kansas City Foundation officially supports this worthwhile endeavor and that Historic Kansas City Foundation encourages its members to support this project through their time, talent and treasure should they feel so compelled.

Be it further resolved that on this date, March 19, 1998, the Historic Kansas City Foundation Board of Directors is authorized to make public this resolution and the efforts of its members toward the successful restoration and expansion of the Liberty Memorial.

Leslie R. Bayer
Leslie Russo Bayer, President

Susan J. Ford
Susan Jezak Ford, Vice President

James H. Bernard, Jr.
James H. Bernard, Jr., Recording Secretary
March 19, 1998

HISTORIC KANSAS CITY FOUNDATION
RESOLUTION #1002
LIBERTY MEMORIAL RESTORATION

WHEREAS, the Liberty Memorial, located in Kansas City, Missouri, is the largest memorial and museum in the United States devoted exclusively to honoring those who served in World War One and

WHEREAS, the funding for the building of Liberty Memorial came from over 83,000 citizens from all cities in an effort to show appreciation for those individuals who served to preserve liberty and freedom and

WHEREAS, the Liberty Memorial site was dedicated on November 1, 1921, at a ceremony which included the five significant Allied leaders of World War One and was officially dedicated by President Calvin Coolidge on November 11, 1926, and

WHEREAS, the memorial was designed by Harold Van Buren Magonigle, with Wight and Wight and landscape architects the Olmsted Brothers, George E. Kessler and Hare and Hare and

WHEREAS, Robert Aitken of New York was the artist for the Guardian Angels; Edmund Amateis of New York was the artist for the Great Frieze; Edgar Biscask of New York was the artist for the Sphinx; Jules Guerin of New York was the artist for the "In Memoriam" painting; D Putnam Brainerd of New York was the artist for the decorative maps; and Daniel MacMorris of Kansas City was the artist for the west, north and south walls murals in Memory Hall and reduced the French Pantheon de la Guerre for the north wall and

WHEREAS, Liberty Memorial is nationally significant in architecture, landscape architecture, and art and was listed on the National Register of Historic Places on October 6, 2000 and

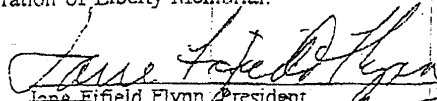
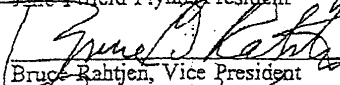
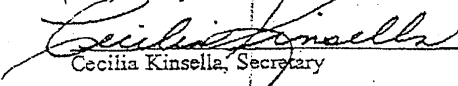
WHEREAS, the physical condition of the Liberty Memorial requires serious repairs and for safety purposes had been closed to the public since November 8, 1994, and

WHEREAS, the citizens approved on August 4, 1998, an Ordinance providing that sales tax money be expended "solely" for the restoration of the Liberty memorial and to create an endowment for future maintenance of the original memorial and

WHEREAS, Historic Kansas City Foundation was founded in 1974 to address the preservation of endangered buildings, structures, and sites that are historically, architecturally, and/or culturally significant and

WHEREAS, the Board of Directors of Historic Kansas City Foundation unanimously voted in support of restoration of Liberty Memorial at a meeting held on January 18, 2001 and do not support any construction that will alter the original exterior architectural integrity of the memorial and

WHEREAS, this motion invalidates a previous resolution made on March 19, 1998, that included support for an expanded museum as the Board of Directors had not been informed about the extent of the exterior changes to the original memorial structure required to accommodate the planned expanded museum.

Historic	C Foundation	FAX NO. : 8163316338	FEB. 15 2001 01:07PM P3
NOW	HEREFORE BE IT RESOLVED that Historic Kansas City Foundation invalidates the		
March	1998 resolution and calls upon its members to support the restoration of the original		
design	this local and national treasure.		
BE IT	FURTHER RESOLVED that on this date, January 18, 2001, the Historic Kansas City		
Found	Board of Directors is authorized to make public this resolution and to encourage the		
effort	its members toward the successful restoration of Liberty Memorial.		
		Date	
Jane Fifield Flynn, President			
		Date	
Bruce Rahtjen, Vice President			
		Date	
Cecilia Kinsella, Secretary			

Appendix D

City Auditor's Comments on Director of Parks and Recreation's Response

This appendix is the city auditor's written comments on the director of Parks and Recreation's response to this audit. The director's response is Appendix C.

The director of Parks and Recreation's response now defines "adaptive reconstruction" as all work beyond the restoration footprint that serves only to adapt the structure to expansion. Therefore, because column removal and replacement serves both to restore the structure and prepare space for the museum, it is considered part of restoration.

However, Parks and Recreation staff have acknowledged that the structural work was designed to simultaneously restore the structure and prepare usable space for the museum. Therefore, the costs should be allocated between these activities. The most reasonable way to do this is to allocate the cost difference between repairing the columns, as recommended by Norton and Schmidt, and replacing them as was done, to adaptive reconstruction.

The response states that we conclude that the columns were replaced primarily to provide space for the museum expansion. We conclude it was the primary reason they were replaced rather than repaired because there is no engineering study to support the assertion that 115 columns needed to be replaced and they were replaced in a different configuration to accommodate the museum design. We acknowledge that replacing the columns has the effect of repairing them. But because the cost difference is substantial we do not view the two approaches as equivalent methods of restoring the Memorial.

The director's response states that the cost of repair approaches that of replacement – but has not offered any evidence that the costs are equivalent. The cost estimates prepared before the funding was restricted show a difference of \$8 to \$10 million. The department recognized these costs as museum costs before the use of funds was restricted.

The director's response characterizes Norton and Schmidt as an early, limited report. We disagree with this characterization.

- Norton and Schmidt issued three volumes: a preliminary report in November 1994; Phase I in February 1995, and Phase II in April 1995. The reports include the results of testing, including core samples. The director of Parks and Recreation told us that he closed the Memorial in November 1994 based on the findings of the preliminary report.
- The response quotes the Phase II report regarding visual observations. Phase II does not address the observation deck and support structure (which were dealt with in Phase I). The quote refers to the Sphinx and exterior stair supports and does not provide evidence that the Phase I report was limited.
- The response indicates that page 24 of the Norton and Schmidt report states that it did not include costs to bring the structure to current code requirements. On the referenced page from the Phase II report is a discussion of life-safety requirements which states, "The Liberty Memorial is an existing use in an existing building and, therefore, is not required to be brought up to current life-safety code requirements. We evaluated the building for compliance with the 1991 Uniform Building Code and found that the exhibit areas and tower observation area require two exits depending on occupant load." The report recommended limiting the occupancy of these areas.

- Norton and Schmidt is the most recent engineering report. Parks and Recreation staff, contractors, and subcontractors acknowledge that no report superseded Norton and Schmidt.
- The project architect was not required under the contract to perform additional tests of the structure. The contract stated that Norton and Schmidt would be accepted as accurate. The project engineer confirmed that they did not perform tests. Bob D. Campbell Company billed for 26 hours of work before the Board approved the preliminary design in May 1996.
- Meeting minutes and documents between June 1995 and September 1996 state that the architect and engineering team relied on the Norton and Schmidt report and agreed with the Norton and Schmidt conclusions and recommendations.
- The decision to replace the columns was made in 1996 when the Board approved the preliminary museum design. At the time of the formal decision, the Norton and Schmidt report was one year old.

The director's response states that the method of restoration chosen uses all available information about current code requirements, ADA requirements, structural soundness and safety. Norton and Schmidt also considered these factors. Norton and Schmidt made recommendations regarding ADA and life safety code compliance. (Norton and Schmidt, Phase I p. 2 and Phase II p. 3). The current local building code is based on the 1991 Uniform Building Code, which was in effect when Norton and Schmidt did their work in 1994 and 1995.

We disagree with the statement that "Restoration includes preparation for the museum..." The Parks and Recreation Department is doing restoration and museum preparation concurrently. Restoration could have been accomplished without also preparing for the museum. The cost difference should not be borne by the sales tax.

We disagree that the ballot language, which allowed funding for the future maintenance of the Memorial and Memorial museum, is public acknowledgement that the expanded museum would be built. The committee substitute specifically removed funding for expansion of the Liberty Memorial museum and its educational exhibits. The intent of the Council not to use the sales tax to fund expansion of the museum is clear. The intent of the voters can only be derived from the ballot language. Whether or not sufficient funds could be raised from other sources was not – and is not – known.

Parks states that the department requested assistance from the City Auditor's Office related to determining the proper cost allocation procedure and this request was declined. This was one subject discussed between a Parks and Recreation Board member and the city auditor on September 15, 2000 in the context of the strategy and presentation being developed to address concerns and controversy surrounding the Liberty Memorial project. The city auditor suggested that rather than having the City Auditor's Office review the numbers in the presentation the department hire a CPA firm to review the numbers, any underlying assumptions, and any support materials.

The director's response states that the Council resolved through resolution 950093 to allow voters to decide whether the Memorial should be restored and the museum expanded. Resolution 950093 resolved

to support state enabling legislation for a levy or other dedicated revenue authority to restore and expand the Liberty Memorial. After the local option sales tax was authorized, the Council decided to restrict the use of the sales tax to restoration and future maintenance.

Our conclusion that the early process was closed and exclusive focuses on the time before the Board approved the preliminary design. Parks and Recreation provided us with a document that stated that the fundraising consultant conducted interviews between December 1995 and April 1996. The department provided us with a list of meetings and presentations held in 1997 and 1998 to solicit support for plans that were already approved. This is not the same as soliciting public input on whether to build an expanded museum, what it should cost to build and operate, and who should bear the costs.

We agree that the Design Review Committee is providing a forum for public participation in design decisions, but note that it is late in the design process. The Board approved the preliminary design in May 1996. The Design Review Committee first met in January 1999. The committee was expanded to include preservationists in March 2000.

The director's response states that they presented documentation to the auditors that they had massive public, business and community support for museum expansion to display the hundreds of artifacts collected over the years by the Liberty Memorial Association. We have not received documents that show massive public, business, and community support for museum expansion.

The director's response states that we assume restoration was deferred based on a letter to the architect, taken out of context from the rest of events happening at the time.

- The letter, from ASAI to Richard Coleman, includes the scope of work and is incorporated into the architect's contract as Exhibit A.
- The letter specifically states "we have revised the scope of services" and "the services focus almost exclusively on the museum's development and design...we have eliminated most of the work related to restoration, verification and documentation of the existing building and site conditions in both Part A and Part B of Phase I."
- We compared the scope of services ASAI submitted with their proposal in May 1995, the scope of services ASAI developed in August 1995, and the scope of service incorporated into the contract to confirm that the scope was revised and timing of restoration work was changed.
- We also reviewed invoices submitted by subcontractors to confirm which subcontractors were used and when.

The director's response states that many projects have more than one source of funding, but funding sources rarely dictate planning. However, lack of funds certainly should affect planning and legal restriction on the use of funds should also affect planning.

We disagree that Parks and Recreation staff has demonstrated compliance with the local restriction on the use of sales tax money. We did not assess compliance with state and federal grant requirements.

The director's response states that it is debatable whether the current business plan developed by MRI in 1996 is credible and notes that premises have changed. MRI developed the feasibility study in 1998. We reviewed the draft final report in 1998 and raised questions about its credibility at the time. Lower than expected attendance at Science City appears to justify the concerns we raised then.